# Investing in Tomorrow's Workforce

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# *Investing in Tomorrow's Workforce*

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The vision that has united all of us in this work is a world where people everywhere have the opportunities to develop the skills and knowledge necessary for sustainable, satisfying and productive livelihoods. Our thanks and appreciation to all those who have helped bring this vision closer to reality through their work on *Investing in Tomorrow's Workforce*.

*Monika Aring, Scott Leland, Poonam Ahluwalia*
*April 1998*

# Foreword

In 1995, the World Bank estimated that 2.5 billion men and women of working age were in the world's labor force, almost twice as many as 1965. Estimates project a further worldwide increase of 1.2 billion youth under the age of 25 by 2025. Only one percent of these youth will be located in the industrialized nations, where the best opportunities for productive employment are located. *Ninety-nine percent of the projected growth in the labor force will occur in what are today's low and middle income economies*, many of which already show youth populations (under the age of 25) of 50 percent and higher.

Fueled by ads in world media, youth in their teens and early twenties are likely to be clamoring for the opportunity to share in the industrialized world's goods and services. A recent study in Peru documents that many of the Tupac Amaru terrorists who held hostages at the home of the Japanese ambassador from December 1996 to March 1997, were young men who saw no means of entering the economy through legitimate means. It is likely that what happened in Peru is an early warning for what will occur throughout the rest of the world if there is no opportunity for young people to participate in their country's economic activity.

The problem faced in Peru and other developing countries is exacerbated by the trend which UNDP and others such as Jeremy Rifkin[1] and Charles Handy have called "the end of work," where the link between economic growth and employment expansion is rapidly eroding. A simple example is found in the increasing automation of manufacturing and some service sector jobs. The trend for automation reduces the demand for low-skill labor and makes it less likely that there will be enough low skill jobs in the formal sector to employ more than a small proportion of young people.

The world's burgeoning youth population has important socio-political implications. Indeed, many developing countries with fledgling democracies will be hard-pressed to cope with the demands of youth for legitimate economic participation. These and many other factors make the task of providing jobs and sustainable livelihoods for the world's poor daunting, yet critically important. As highlighted in a 1994 Report by the International Commission on Peace and Food (ICPF), one of the greatest challenges facing the world today is how to generate remunerative employment for one billion people in developing countries who will bring their rising expectations to the world labor market in the coming decade.

This report--*Investing in Tomorrow's Workforce* – commissioned by USAID's Center for Human Capacity Development in the Global Bureau, attests to the severity of these challenges in five countries. A detailed study of each country is contained within this report. The studies highlight the following issues:

[1]See Rifkin's book, *The End of Work: The Decline of the Global Labor Force and the Dawn of the Post-Market Era*, ISBN: 0874778247, April 1996

- In *Tanzania*, job creation lags woefully behind the number of new entrants that come into the labor market each year. In addition, there is an urgent need to absorb laid-off government workers into the productive economy. Tanzania's bloated government bureaucracy makes it the most difficult place to start a business in Africa.

- In *Namibia*, education is largely accessible, yet seems to lead nowhere. Large numbers of young adults mill about on street corners in virtually every town north of Windhoek, with no jobs or skills to turn into productive livelihoods. The situation in Namibia is exacerbated by the large number of retired military, who now want to have a chance to make a livelihood in the country they helped liberate.

- In *Peru*, the leadership is consumed by how to repay the debt burden. While this leaves few if any resources for workforce development, Peruvians' ability to generate productive livelihoods would be significantly improved if the ministries, private sector, and education and training institutions could pull together to build a transparent, coherent system. Much of Peru's youth live on the margins of society, undereducated, uneducated, and unemployed.

- In the *Philippines*, much work has been done to create a system where the stakeholders in workforce development – the employees, bureaucrats, educators, NGO's, trade unions and foundations – have formed regional councils charged with creating the needed skills standards, mutual accountabilities, information systems and networks. The development of these councils, however, has caused bottlenecks in their ability to cope with the workload due to an acute shortage of trained public sector managers. The Philippine study emphasizes the country's need for public managers who have the skill and know-how to manage the volume of activities generated by the formation of this powerful framework for workforce development.

- In *Rajasthan* (India), there is an increasing dropout rate of students in schools at all levels, and a lack of transparent information about the quality of education and training providers. As in all the countries studied, job creation lags far behind demand for work. The Rajasthan study is provocative in pointing out the significant opportunities for job creation in key industries, and how this is hampered by the lack of an effective, transparent, information system.

Not all the news is discouraging. This report also offers hope for real progress in workforce development. In three countries – Peru, Namibia and India – EDC held workshops which produced what participants considered to be extraordinary results; indeed, they offer a starting point that can and should be repeated in other countries facing a breakdown in their training and educational systems. The section on workshops in this report details the breakthroughs that are possible when leaders are brought together in a way that lets them see where they have become deadlocked and what they can do to develop an effective workforce development system.

*In Peru*, key stakeholders came together and created a new association dedicated to advancing the issues of workforce development in the country. *In Namibia*, 50 individuals formed an Advisory Council to assist in the development of a pilot program to create five regional Community Skills Development Centers. *In India*, 80 participants formulated and committed to an action plan that details how each will contribute toward the goal of empowering women with technologies that reduce their hours of labor and add value to the work they do for themselves, their families and communities. These are highly significant results for two and three day workshops. With continued follow-up and support, there are great possibilities for the development of an effective system that links education and training to job creation and economic development in the formal and informal sectors.

This report is produced by *The Center for Workforce Development* (CWD), located at *Education Development Center, Inc.*, (EDC) in Newton, MA. Our mission is to create opportunities for people everywhere to develop the skills and knowledge necessary for sustainable, satisfying, and productive livelihoods. We are committed to carrying this out with a deep appreciation for the context and culture of each country and region. We also recognize that workforce development is not a specific program, but rather a set of strategies that resemble an ecosystem in which actions are mutually interdependent. Our focus is on empowering people to live in ways that allow them to contribute to themselves, their families, their communities, and their country. It is about aligning the goals of institutions, government ministries, the private sector, NGO's, and individuals in a society so that people have the opportunity to develop and contribute throughout their life span.

We have been impressed by the quality of the many different organizations in the workforce development systems of Tanzania, Philippines, Peru, Namibia and India. In all countries, there are many people with commitment and vision, and the challenge they face is how best to channel these and encourage them to grow. We feel very fortunate to have been witness to--and, in some cases, participants in--the work that these dedicated individuals are doing. We are also enormously moved by the courage and vision of those individuals who stood up at each of our workshops to personally assume responsibility for their communities and their country. Indeed, they are committed to making a difference and to creating a world of productive work opportunities for all.

Monika Aring
*Director*
*Center for Workforce Development at*
*Education Development Center*

# Executive Summary

Policy makers in many countries are struggling to find ways to provide jobs, training and sustainable livelihoods to a labor force which is projected to grow by another billion workers world-wide over the next 25 years. Already in Tanzania, 400,000 young people enter the labor market each year with little hope of finding formal employment. In the Indian state of Rajasthan, 2.6 million people will be added to the workforce between now and the year 2002, most of whom also have little hope of finding formal employment.

This study on *Investing in Tomorrow's Workforce* looks at how five countries are responding to the pressures and challenges posed by the widening gap between job-seekers and the number of opportunities for sustainable livelihoods. The study points to the following investments as among those that bring about the biggest payoffs for creating more job opportunities, training opportunities, and opportunities for sustainable livelihoods:

<u>Investments in providing leadership (creating a shared vision and setting goals)</u>
Policy makers, NGOs and donors have a critical role to play in setting national priorities and goals around job creation, skills training and workforce development. The Philippine government has gone the furthest in this respect through its *Technical Education and Skills Development Authority (TESDA)*, while Rajasthan's *Ninth Five Year Plan*, Peru's *ProJoven* and *Bachillerato* programs, and various initiatives on the part of the Namibian and Tanzanian governments also show their governments' recognition of the importance of workforce development. When national goals and vision are lacking (or fail to be convincingly articulated), as is the case in Haiti, tremendous energy is expended and opportunities are lost while stakeholders partake in fragmented and disjointed activities. The workshops described in this report are an important investment option which policy makers and donors have to help articulate and reinforce the vision and goals of national stakeholders in workforce development.

<u>Investments in making information transparent</u>
A critical problem in most of the countries studied is that there is little or no information about the supply and demand of labor, the quality of education and training programs, or opportunities for work. The lack of information allows poor quality training institutions to remain in business, permits weak accountability and a lack of appropriate signals for needed reforms. The supply of graduates generated in the education system does not match the skills demanded in the labor market. Without widely reliable, transparent and accessible information about the quality of education providers and the skills needed in the labor market, the education and training markets in these countries are seriously out of sync. The Philippines' TESDA is designed to address these problems, and there are fledgling initiatives in other countries as well to provide better market information that need to be supported and built upon (the *National Employment Council and Sustainable Industrial Development Policy* in Tanzania; the *National Resource Center and Foundation* in Namibia; and FOPECAL in Peru).

Investments in promoting a demand-driven market for training and education providers

Government policies and incentives are critically important in creating demand-driven markets. One strategy is simply to encourage a broad mix of stakeholders in the design of training programs to ensure responsiveness and multiple accountabilities. In Peru, institutes such as ADEX and CENFOPTUR that are run by trade associations have been particularly effective in providing quality training due to the high level of input from the member employers. A similarly high level of employer input characterizes the LEMDC/BRW models as well as the PESO program in the Philippines. Other policies and incentives which encourage the formation of demand-driven markets include:

- Ensuring transparency of information in the supply and demand of labor, the quality of education and training programs, and opportunities for work (see above).
- Establishing national skill standards with broad input from trade associations, employers, and other stakeholders. *(Examples include the Ministry of Education in Peru, and TESDA in the Philippines.)*
- Establishing an accreditation and periodic evaluation mechanism for all training and education providers, again making sure to involve trade associations, employers, and other stakeholders. *(See the National Council for Technical Education Act of 1997 in Tanzania, and TESDA in the Philippines.)*
- Using a payroll tax to help finance employer-based training programs to upgrade worker skills *(SENATI in Peru)*.

Investments in the informal sector

In each of the countries studied, the informal sector contributes enormously to the economy, in all cases employing well over half of the labor force. All five governments have devoted some resources to helping microentrepreneurs in the informal sector help themselves (e.g., *Adult Skills Development for Self Employment* in Namibia, *MiBanco* in Peru, *TESDA's Training Delivery for the Informal Sector* program in the Philippines, and the *Enterprise Development and Training Program* in Tanzania). However, far more needs to be done. Particularly important are programs that teach business skills, provide access to credit and new technologies, and facilitate access to markets, including integration with the formal sector.

The above investments cannot be successful in a vacuum. In order for them to have an impact, there must first be a functioning political and legal system, a safe climate for investment, sufficient infrastructure to permit the mobility of people and resources, and a functioning labor code which protects workers from exploitation. It helps if debt levels are not so high that they consume money needed for investments in education and training – Tanzania spends five times more per capita to service external debt than it does on education and health combined. It also helps if governments support policies which open trade opportunities, lower tariffs, and attract private capital investments – the flow of

private capital exceeds by 16 times the amount sent to emerging markets by rich nations as foreign aid and by international development banks (*Christian Science Monitor* 1996).

## In Sum

This study supports the view that there is a large role to be played by government, NGOs and donors in creating opportunities for jobs, training and sustainable livelihoods. The first and most important steps to be taken do not require huge investments of capital. Instead, they require the leadership and political will to create and sustain a shared vision, ensure access to information, and create the necessary systems and support structures to allow the training, education and labor markets to be demand-driven. These steps are not a panacea. However, for the five countries studied in this report, they are among the best investments that could be made to ensure the viability of tomorrow's workforce.

# 1.0 Introduction & Background

In 1995, USAID's Center for Human Capacity Development (HCD) contracted with the Center for Workforce Development at Education Development Center, Inc. (EDC) to carry out a 9-month study of best practices in workforce development, highlighting 20 successful programs from around the world. This project resulted in three products collectively referred to as the *"Compass to Workforce Development: A Toolkit for Policymakers, Donors, Governments, NGOs and Practitioners."* The three products include a *Guidebook* containing the 20 case studies, a *Study* analyzing some of the common characteristics of "what works" and other trends revealed in the cases, and a *Video* showing footage of some of the programs described in the Guidebook.

Upon completion of the *Compass to Workforce Development* in September 1996, HCD devised a new project to build on the completed work, expand on the lessons learned, and disseminate the information through a series of workshops, country studies and the electronic media. This new project was titled "Investing in Tomorrow's Workforce" and was awarded to the Center for Workforce Development in October 1996. This project has been an opportunity to (1) apply some of the lessons learned through workshops in countries like Peru, Namibia, and India; (2) engage the many different stakeholders who are active in a workforce development system in an expanding conversation on best practice; and (3) develop new insights and strategies on workforce development systems that can be applied in future work.

This report describes the varied activities of the *Investing in Tomorrow's Workforce* project, the lessons learned, and implications for future investments in workforce development. Additional products of this project include the Summary Workshop Proceedings (describing the workshops held in Peru, Namibia and India) and the Country Studies (including workforce development studies on Peru, Namibia, India, Philippines, and Haiti).

## 1.1 Deliverables

*Investing in Tomorrow's Workforce* has four major components:

- Workshops: The planning, organizing and conducting of three workshops focused on workforce development issues specific to each country. Workshops were completed in Peru (July 1997), Namibia (September 1997), and India (December 1997).
- Country Studies: Completion of studies on the workforce development opportunities and constraints in five developing countries. The studies were completed between August 1997 and February 1998 in Peru, Namibia, India, Philippines and Tanzania.
- Electronic networks: The establishment of an electronic discussion group (list-serve) and web-site on workforce development. The electronic discussion group (*WORLDWFD*) has been running since June 1997; the EDC web site

(*www.edc.org/CWD/*) contains, since March 1997, extensive information on workforce development, including links to other prominent sources of information.

- Field support: The provision of expert assistance to USAID Missions seeking technical support and assistance. Technical assistance has been given to all Missions requesting information, including an on-site assessment with the USAID Mission in Haiti in February 1998.

This report provides extensive details and analysis of each of the above deliverables.

## 1.2 Methodology

Workshops

The planning, organizing and conducting of a workshop in another country is an involved process. We began by seeking input from many different contacts in the US and abroad, from the public and private sectors, including policymakers, international donor groups, NGOs, educators and private businesses. We simultaneously collected input on dozens of key questions: *What, in each country, would be a workforce development question powerful and urgent enough to bring all the stakeholders to a workshop? What topics should be covered in the workshops? Where should the workshops take place? Who should be invited? Should the focus be regional, national, or local? Who could we partner with? What local institutions could provide leadership in defining the important issues? Which USAID Missions are most interested in workforce development? Where can these workshops have the greatest impact?*

These questions and many others were asked continuously throughout the project. We addressed these through a variety of means:

- Informal networking: As described above, we spoke with hundreds of individuals for their input on the project.
- Meetings at USAID, World Bank, UNDP, IDB and EDC: We held over a dozen large meetings, bag lunches and presentations to discuss the above questions and refine ideas.
- Survey trips: Once we had gone through extensive screening and focused on specific countries and sets of contacts, we made a preliminary survey trip to each of Peru, Namibia and India to determine whether it was feasible to actually plan a workshop. These trips were devoted to meeting key contacts and stakeholders, defining the most powerful organizing question for a workshop, identifying key local issues, enrolling partners, and interviewing and selecting subcontractors to help plan the in-country logistics of each workshop.
- Continuous planning & consultation: Upon completing each survey trip, we began extensive consultations with the subcontractor and local partners to (1) develop the agenda, (2) identify participants, stakeholders, and other partners, and (3) arrange for the many other logistics (including the preparation and translation of materials, selection of a local venue, identification of international participants, interviewing and selecting facilitators, etc.).

- Dry-run: For the Peru workshop (which was the first of the three), we held a dry-run at EDC in Newton in order to assess what was missing and what needed to be adjusted. This proved to be an invaluable exercise and led to a series of meetings and conferences between the facilitators and organizers. These meetings continued to occur via conference calls for each of the remaining workshops.

While each workshop was tailored to the unique circumstances of the given country, Section 2.1 describes the underlying methodology that was common to each, from the vision and alignment exercises to the use of working groups, international experts, and highly experienced facilitators.

Country Studies

For the country studies, we collected input from the same network described above to formulate ideas for a suitable framework. One of our team members completed a research project to further develop these ideas (see *"Assessing Workforce Development Alternatives: An Applied Framework for Policy-Makers in Developing Countries" by Patrick Supanc, April 1997*), and this became the basis for an analytical template created for each study.

We determined that the studies would have greater impact if they were completed by local experts with an intimate knowledge of their country's institutions and key issues. Consequently, we asked highly recommended and reputable individuals in each country to write the studies, using the analytical template referred to above (and reproduced in the Appendix). One of the interesting results of this process is that each study is reflective of the authors' own experiences and world view. The issues which each study surfaces and focuses on are slightly different, adding to the richness of the collective work.

In Rajasthan (India), a predominant theme is the need to create a better fit between supply and demand by making the educational institutions more efficient, responsive and productive. In Peru, a major theme is the preoccupation with the national debt burden and issues surrounding President Fujimori's leadership. In the Philippines, a lack of management capacity is highlighted. The variation of each report would not have occurred so starkly had the same author written each report.

## 1.3 Defining 'workforce development'

We define workforce development as a system of linked policies and activities which *enable all people to have access to opportunities that enhance the development of their skills, knowledge, and aptitudes such that they are able to participate in productive work, either by means of self-employment or by working for someone else.* This definition has the scope to include access to credit, information about markets, quality of education and training providers. It also includes public policies that affect imports, exports, taxes, welfare and the supply and demand for labor; the legal system and its impact on the

workplace and the functioning of the market; cultural influences and beliefs that shape a society's views toward work, and a host of other inter-related factors that impact the world of productive work and sustainable livelihoods.

The critical point in our definition is that we do **not** view workforce development as a single program, such as education, training, microcredit, or vocational education. Rather, we see it as an ecological system in which multiple parties have something to gain and lose if their respective actions do not produce skilled people and productive citizens. It is ecological because of the complex set of relations and interactions between inter-dependent systems.

In this view of workforce development, the following elements must be linked in a feedback loop to produce an effective system:

- provision of education (at all levels)
- information about quality of education from multiple sources in different institutions
- opportunities for productive work in the formal sector
- information about quality of work and processes in the formal sector (this is provided by participating in regional and global markets)
- opportunities for training tied to demand
- information about training and quality of training providers
- opportunities for work in the informal sector
- information about access to credit, training and other support as needed
- information and linkages to best practice in other countries

All of these elements need to be linked by means of information and communication among the various stakeholders -government, education, firms, workers, NGO's, experts, and unions. It is important to recognize that these stakeholders, in turn, operate in a larger system which needs to provide effective governance, public education, public health, a legal framework for addressing contract and worker issues, and a view of government as a catalyst and broker, as opposed to a provider or regulator of services.

An important implication of this systems approach is that workforce development is independent of the traditional linear age-based model of training and education whereby a basic education is followed by secondary, then either university, vocational education or work. In the linear model, skills training has no place in primary or secondary education. In the systems approach, however, the linkages are emphasized. Basic education can occur at any age and does not occur in a vacuum, but is linked to the workplace, civic participation, developing an aptitude for lifelong learning, and to gaining skills for a sustainable livelihood.

Asking the Right Questions

If workforce development is a systems problem (as opposed to a linear one), then what kind of questions need to be asked to get at the systems issue in a more direct way? We might consider asking: *Where in society are people facing barriers to productive*

*participation, and what activities would do the most good in a systems model? Where are the biggest opportunities for achieving economies of scale and leverage? With whom should we partner in asking these questions? What might be the unintended consequences of our actions ?*

Such questions are most productive if they are asked repeatedly, as opposed to answered and turned into static formulae. The responses they summon are from interactive systems that continually change and are highly context-dependent. In each of our workshops in Peru, Namibia, and India, we asked powerful questions, but they were placed in the context of the particular country. The next section describes the extraordinary results that followed.

# 2.0 Project Components

*Investing in Tomorrow's Workforce* involved four major components: workshops, country studies, electronic networks, and field support.

The focus of the workshops was on developing a *process* for establishing a workforce development system. This process involved building vision, commitment, networks, goals, milestones and action plans. Hard data on programs and practices was also exchanged in the workshops, but the over-riding objective to motivate participants to become involved in action. Most of Section 2.1 reflects this emphasis on process.

The focus of the country studies is on the hard data, or *content* information. Section 2.2 analyzes some of the common themes and challenges apparent from each country study. These range from the lack of transparent information on training programs, to the need to develop industry skills standards.

Section 2.3 describes the major themes and issues that were addressed in the electronic discussion group (e.g., *list-serve*).

Section 2.4 provides the executive summary of field support given to the USAID Haiti Mission in February 1998.

## 2.1 Workshops

Through this project, Education Development Center (EDC) organized workshops in:

| | |
|---|---|
| ⇒ Lima, Peru | July 21-22, 1997 |
| ⇒ Windhoek, Namibia | September 23-25, 1997 |
| ⇒ Chennai (Madras), India | December 8-10, 1997 |

### 2.1(a) Purpose

The purpose of the workshops was to:

- Bring together practitioners, educators, trainers, NGOs, policy makers, and donors into a new network focusing on locally-identified workforce development issues.
- Augment existing programs and develop new initiatives in order to expand opportunities for people everywhere to acquire the skills they need for productive work.

- Publicize what works from 20 successful programs in workforce development from around the world, described fully in the *"Compass to Workforce Development: A Toolkit for Policymakers, Donors, Governments, NGOs and Practitioners."*

The workshops accomplished – and exceeded – the above goals. *In Peru*, key stakeholders came together and created a new association, dedicated to advancing the issues of workforce development in the country. *In Namibia*, 50 individuals formed an Advisory Council to assist in the development of a pilot program to create five regional Community Skills Development Centers. *In India*, 80 participants formulated and committed to an action plan that details how each will contribute toward the goal of empowering women with technologies that reduce their hours of labor and add value to the work they do for themselves, their families and communities. *In each workshop*, local stakeholders from all sectors identified key issues, and also benefited from the insights of international experts who spoke on highly successful workforce development programs in other countries.

### 2.1(b) <u>An overview of each workshop</u>

**<u>Peru</u>**

This EDC/USAID workshop, titled *Capacitación Laboral 2000 (Workforce Development 2000)*, took place in Lima on June 22-23, 1997. The purpose of the workshop was to start a conversation among Peruvian leaders – business, government, education & training, labor, and NGO's – about what it would take for them to have a successful workforce development system. The workshop addressed the question: *"If Peru is to significantly increase its share of high value-added exports, what skills and knowledge will its workforce need in the coming years, and what public-private partnerships are most suited to producing them?"*

Over 140 participants from key sectors of Peruvian society interacted with experts from Chile, the Czech Republic, Germany, Malaysia, Peru, South Africa and the United States. Participants worked in three industry-focused working groups – textiles, leather, and agribusiness – and developed a series of recommendations for making Peru's workforce more competitive in each. During the last session of the workshop, 40 participants from the various working groups committed themselves to the goal of forming of a new organization dedicated to promoting and coordinating the national workforce development agenda. This organization has now been formed and is called FOPECAL (*Foro Peru de Capacitación Laboral*, or *The Peruvian Forum on Workforce Development*).

Another important event occurring at this workshop was the joint appearance of officials from both the Ministry of Labor and the Ministry of Education. This was the first time in recent memory that the two ministries appeared in the same forum to discuss their joint interests in

making sure that the graduates of the country's education system are suitably prepared with the skills and knowledge they need to succeed in the labor market. Both ministries now have representatives in FOPECAL.

| **Peru Workshop Agenda** | |
|---|---|
| **July 21, 1997**<br>Morning:<br>1. Inauguration by the Minister of Education and other dignitaries<br>2. Panel presentation by international experts in workforce development<br>Afternoon:<br>3. Presentations by the Ministry of Labor and the Ministry of Education on national strategies in workforce development<br>4. Working Group Meetings: Agri-Business, Textile and Leather industries<br>Dinner Reception | **July 22, 1997**<br>Morning:<br>5. Presentations by local experts on workforce opportunities & challenges in Peru<br>6. Strategies for success: comments by international experts<br>Afternoon:<br>7. Working Group Meetings: Agri-Business, Textile and Leather industries<br>8. Plenary Meeting: Accomplishments of the Working Groups and of the workshop<br>9. A Call To Action: the founding of an NGO on workforce development |

## Namibia

The Namibia workshop took place in the capital of Windhoek, September 23-25, 1997. Titled *Capacity 2000 Plus: Competency-Based Community Skills Development*, it was organized jointly by EDC and the Namibian Ministry of Higher Education, Vocational Training, Science and Technology. The goal of the conference was to share and create knowledge of how to generate and improve competency based skills training at the community level. Specific objectives included:

- Sharing relevant Namibian and International experience on community initiatives aimed at competency based learning and training programs.
- Identifying how some characteristics of successful programs worldwide may be incorporated into initiatives in Namibia.
- Developing the Namibian vision of a Foundation; its nature and functions.
- Promoting technical support to community skills training programs.
- Mobilizing resources for community based skills training programs.

One of the most striking accomplishments was the formation of an Advisory Council to continue to guide and develop the initiatives of the workshop. Of the approximately 120 people who attended, 50 Namibian and international participants signed up for the Advisory Council. This group has pledged to work with the Ministry of Higher Education to develop Community Skills Development Centers (*COSDECs*) in five pilot regions, and to develop a Foundation to help channel funds from the Namibian government and the international donor community directly into skills training initiatives.

International participants from Ghana, Senegal, Egypt, South Africa and India also added richly to the program, offering numerous ideas to incorporate into Namibian programs. Some ideas which received particular attention were the development of microcredit programs that achieve loan payback rates of more than 98%; program models which encourage production at an individual level, but marketing at a group level; and the approach of involving multiple stakeholders in community programs, including village "chiefs" and religious leaders.

**Namibia Workshop Agenda**

**September 23, 1997**

1. Inaugural Address by Honorable Minister Nahas Angula
2. Keynote Address by Dr. Ester Ocloo
3. Session One: Namibian Experience in Providing Competency-Based Skills Training
    a) Testimonials
    b) Panel Discussion of Namibian Experience
    c) Definition Of Competency Based Training/Learning
4. Session Two: International Experience in Providing Competency Based Skill Training
    a) Biovillage: Concept to Reality - Dr. Hopper
    b) Panel Discussion of International Experience

**September 24, 1997**

5. Session Three: Common Characteristics of Successful Workforce Development Programmes
    a) Address
    b) International Panel Response
    c) Small Group
    d) Strategies for Successful Programs: Dr. Laila Gad
6. Session Four: Essential Components and Strategies of Successful Programs
    a) Reports of the Working Groups

**September 25, 1997**

7. Testimonials from two participants of local credit schemes
8. The Vision, Purpose and Design of a Foundation: Discussion with the Honorable Minister Nahas Angula
9. Address by Prof. Mehl, Independent Development Trust, RSA
10. Session Five: Opportunities for Development Partners and Funding Agencies to Participate in the Initiative
11. Session Six: "The Role and Functions of a Foundation"
    a) Andrew Corbett, Legal Assistance Centre
12. Session Seven: Plenary Session, Summary of Findings, Recommendations, Proposed Follow up Action
13. Official Closing

## India

This workshop, titled *Women's Technological Empowerment and Sustainable Development*, took place in the southern city of Chennai (Madras), December 8-10, 1997. It was jointly organized by the M. S. Swaminathan Research Foundation (MSSRF), the Center for Vocational Education in Chennai, and EDC. The primary goal was to focus attention on programs and methodologies which reduce the hours of labor of the most impoverished and vulnerable women, and which add value to the work they do for themselves, their families, and their communities. The intended outcomes included:

1. Highlight pioneer projects which focus on Women's Technological Empowerment for Sustainable Development, and help NGOs understand the necessity of ecologically sustainable programs.

2. Develop guidelines for replicating the highlighted projects - such as the Biovillage, Bharatiya Yuva Shakti Trust and The Working Women's Forum; learn about the role microcredit plays in such programs.

3. Focus attention through the media and the Internet on programs and methodologies highlighted in the workshop, and use them as a springboard to start a broader conversation on the topic of the workshop.

Over eighty people from six states (Tamil Nadu, Andhra Pradesh, Orissa, Kerala, Karnataka, and Goa) participated in the workshop. There were also participants from Bangladesh. During the morning sessions there were panel discussions in which experts in the field spoke passionately about their experiences in developing successful workforce development programs for women and youth. The afternoons were set aside mainly for interactive working group sessions. Participants were divided into two working groups, one for the state of Tamil Nadu and the other for participants from the neighboring states.

The participants collectively developed a group vision, summarized in the theme: *"Today's dream is tomorrow's reality. We make hope happen."* This theme is demonstrative of the personal commitment that the workshop participants developed toward accomplishing specific goals from the working groups. (An example of one of the goals developed in the working groups: *Improve wages and the standard of living of fisherwomen in Chidambaram through the purchase of 20 catamarans and skills training for 20 groups*). At the end of the workshop, each participant stood up and shared their personal commitment and their action plan for the three month period following the workshop's conclusion.

**India Workshop Agenda**

**December 8, 1997**
*Inauguration & Introduction of facilitators*
1. Strategies for Successful Program Planning and Replication."
2. Youth Initiatives and Microenterprise Development
3. Methodology & Specific Goals for the Working Groups
4. Guidelines for Replication and Identification of Resources
5. Realignment on the Goals of the Workshop

**December 9, 1997**
6. Working Women's Forum
7. Designing a Biovillage Program
8. Microcredit Banking and Loan Systems
9. Moving Towards Powerful Outcomes
10. Working Group Sessions

**December 10, 1997**
11. Realignment on the Goals and Vision of the Workshop
12. Designing Sustainable Micro Enterprise Programs
13. International Panel on Microenterprise and Microcredit Programs
14. Panel on Micro-Level Planning
15. Working Group Session
16. Presentation of Working Group Action Plans

*Closing Address*

## 2.1(c) Analysis of distinguishing features

A number of important characteristics contributed to the success of these workshops and distinguished them from others:

- Each workshop was action-oriented and designed to achieve specific and measurable outcomes. These were not academic events in which papers were discussed but workshops focusing on action not taken. The goal of these workshops was always to put people in motion and in support of a shared vision that achieving a world of productive work is both possible and necessary.
- Highly skilled and experienced facilitators with a unique methodology were used to engage people at a direct and personal level.
- Intensive focus on vision and alignment. Facilitators focused on creating vision, alignment, commitment, action plans and milestones.

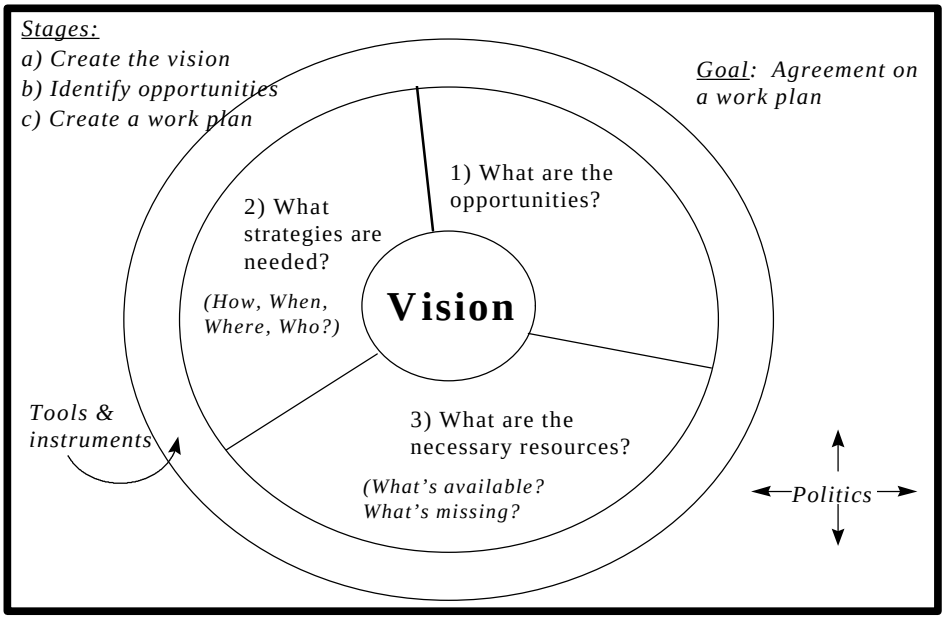
- Flexible and collaborative design. Each workshop agenda involved the input of dozens of individuals and went through many drafts over a period of several months. Adjustments continued to be made while each workshop was being conducted. At all times, close collaboration was ongoing between key local and international groups.
- Stakeholder commitment to continue to work toward the vision of the workshop. At each of our workshops, highly committed individuals stood up to personally assume responsibility for their communities and their country. *In Peru*, 40 key stakeholders came together and created FOPECAL, a new association dedicated to advancing the issues of workforce development in the country. FOPECAL meets regularly. *In Namibia*, 50 individuals formed an Advisory Council to assist in the development of a pilot program to create five regional Community Skills Development Centers. *In India*, 80 participants formulated and committed to an action plan that details how each will contribute toward the goal of empowering women with technologies that reduce their hours of labor and add value to the work they do for themselves, their families and communities.

We allocated a great deal of time in each workshop to create a shared vision of what is possible in the area of workforce development. The schematic in Figure 1 illustrates the process used. After general introductions, the workshops were always about creating a vision: *Where is it possible for workforce development in each of these countries to go? If you put aside the current obstacles and reasons why things might not work, what becomes possible?* Developing this kind of vision does not come naturally, quickly, or easily. A natural tendency is to return to the familiar world of problems and obstacles. As a result, vision exercises were repeated daily, and the topic was incorporated into several sessions.

As a vision of what is possible becomes clear, *alignment* on the vision and corresponding goals begins to occur. For example, the Ministries of Labor and Education may feel competitive with each other over budget allocations, and both may feel combative with labor unions that are calling for teacher strikes. But when a vision of what is possible is articulated (*"Every Peruvian will have the skills and knowledge they need for productive and satisfying work"*), each of the stakeholders can align behind such claims. This does not solve the other areas of disagreement, but it opens a space in which all players can work as partners instead of competitors.

Vision and alignment are the first steps, and they must be repeated in order to remain viable. They also must be followed by a call to action. In our workshops, we made extensive use of Working Group sessions in which participants were divided into thematic or geographic groups. This strategy helped participants to further develop and align themselves behind a common vision, determine what kinds of opportunities were available, identify strategies and resources, and agree on a work plan with specific milestones for which each individual could be held accountable.

***Figure 1:*** ***One of the methodologies used in each of the Peru, Namibia and India workshops.*** *After aligning behind a common vision, workshop participants divided into thematic or geographic groups in order to determine: the opportunities(1), identify strategies (2) and resources (3), and agree on a work plan with specific milestones for which each individual could be held accountable.*




This process is powerful and is what led to the extraordinary levels of participation and commitment demonstrated in each of the workshops – especially noteworthy given that they lasted only two or three days each. Another critically important ingredient was skillful facilitation. Working with individuals from many different backgrounds, interests, agendas and organizations, and helping them to articulate their own visions and commit to specific milestones, is an art as much as a skill. The importance of good facilitation cannot be overemphasized.

**Caveats**

There are two main caveats to take into account when planning future workshops

- The importance of involving multiple stakeholders as early as possible: Of central importance is the goal of ensuring multiple stakeholder representation at the workshop. In this regard, organizers should be aware that key stakeholders – e.g., governmental ministers, private sector entrepreneurs, union officials, -- universally are on very tight schedules. They need plenty of advanced notice of the dates and times of the workshop. Equally important, they must be convinced that their organization's mission, whether it be education, employment or profits, clearly stands to be enhanced by their attendance.

- The importance of providing funding for the outcomes of the workshop. At an action-oriented workshop such as the ones that have been organized by EDC, an explicit goal is to set stakeholders in motion to achieve some concrete objective that only they can formulate. Knowing that whatever they formulated would be funded up to a reasonable amount would greatly empower the stakeholders to formulate concrete, practical action plans. As a protection for the donor, it could require that any plan have built-in accountability and ultimately become self-sustaining.

### 2.1(d) Looking at 'What Works'

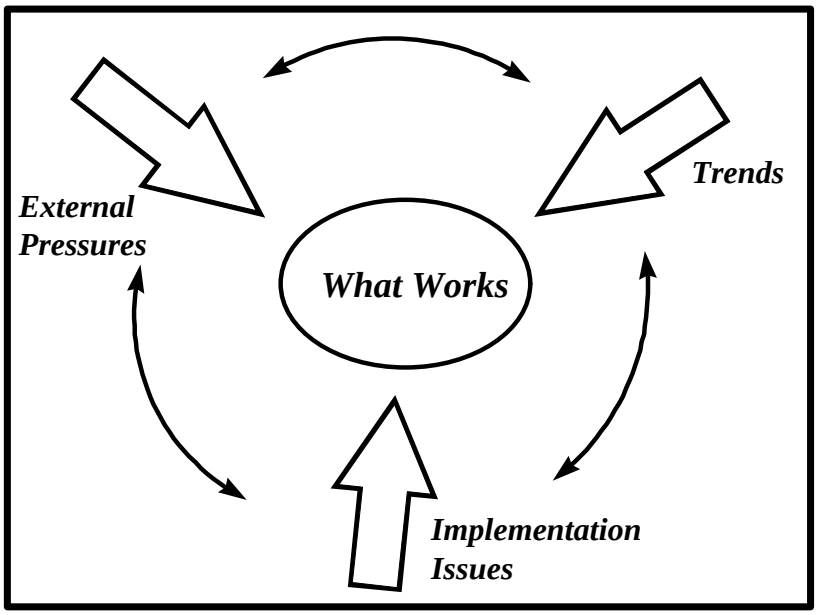
In addition to the focus on vision and commitment, as described above, another common element to each of the workshops was the use of a framework developed in the *"Compass to Workforce Development: A Toolkit for Policymakers, Donors, Governments, NGOs and Practitioners."* At the center of this framework is a list of nine characteristics ('what works') shared by many successful workforce development programs around the world. (See Table 1 for a list of these characteristics, and also the Haiti section of this report, pp. 35-38.[2]) At each workshop, representatives from several programs spoke about 'what works' in their organizations. For example, members of the *Penang Skills Development Center* (Malaysia) and *Chile Joven* spoke at the Peru workshop of how public-private partnerships are incorporated into the design of their respective programs. At the Namibia workshop, a member of *AGETIP* (Senegal) described how the characteristics of leadership and accountability, open access and transparency are critical to that organization's success.[3]

Some of the factors that drive the list of 'what works' were repeatedly referred to at the various workshops. 'Employing the exploding population of young adults' (see *External Pressures* from Table 1), for example, is a critical issue in all three countries, and was specifically highlighted by Minister Nahas Angula in Namibia as one of the critical issues his country faces. Likewise, the global trend toward continual 'upgrading of worker skills' (see *Trends*, Table 1) was a dominant theme of the Peru workshop, especially for those professions in the agri-business, textile and leather industries. The relationship of these various factors is depicted graphically in Figure 2.

[2] The are described in full detail in the *Compass to Workforce Development*, which can be viewed via the web at *www.edc.org/CWD/*).

[3] Representatives from dozens of other organizations also spoke at the workshops. A few of the international organizations represented (in addition to local organizations at each of the Peru, Namibia and India workshops) include the Worker's College (South Africa), Miami Dade Community College (US), The National Training Fund (Czech Republic), Sustainable End of Hunger Foundation (Ghana), Social Fund for Development (Egypt), Mwenezi Development Training Centre (Zimbabwe), Center for Lifelong Learning (South Africa), EMPRETEC (Ghana), and African Centre for Human Development (Ghana). A more complete list is available in the workshop reports.

***Figure 2:*** ***Framework adapted from the "Compass to Workforce Development: A Toolkit for Policymakers, Donors, Governments, NGOs and Practitioners".*** *The External Pressures, Trends, Implementation Issues and What Works are listed in the Table below. A further elaboration of What Works is given on page 36. This framework was used in each of the workshops, where representatives from successful programs described how they incorporated demand-driven design, continuous improvement, public-private partnerships and other successful characteristics (see 'what works' in Table 1) into their programs.*




For a more detailed discussion of the External Pressures, Trends, and Implementation Issues depicted above, and summarized in Table 1, please see the *Compass to Workforce Development: A Toolkit for Policymakers, Donors, Governments, NGOs and Practitioners.*[4]

[4] Available on the web at *www.edc.org/CWD/*

***Table 1:*** ***Some of the many factors that influence programs and policies in workforce development.***

| External Pressures | Trends | Implementation Issues | What Works |
|---|---|---|---|
| 1. Employing the exploding population of young adults<br>2. Raising productivity and income in agriculture<br>3. Assisting workers during the transition to market economies<br>4. Ensuring access and equity to close the gap between rich and poor<br>5. The changing nature of work (the need for lifelong learning)<br>6. A "globalizing" economy | 1. Upgrading worker skills<br>2. Supporting small enterprises in the informal sector<br>3. Shifting from investment in traditional vocational schools to new models<br>4. The rise of national training systems<br>5. The development of national industry-wide skill standards<br>6. Lifelong learning<br>7. Targeting special populations<br>8. The importance of technology and enterprise-based training | 1. Supporting the informal sector<br>2. Respecting and preserving cultural integrity<br>3. Investing wisely<br>4. Developing a new language to describe knowledge-based work in the formal and informal sectors.<br>5. Improving the flow of information by linking education and training to employer needs | 1. Leadership and accountability<br>2. Demand-driven design<br>3. Open access<br>4. Portability of skills<br>5. Continuous improvement<br>6. Public-private partnerships<br>7. Sustainable financing<br>8. Replicability<br>9. Economic and social impact |

## 2.1(e) Need for continued follow-up

Although the workshops are an excellent means of personal engagement, they are not enough. The vision, alignment and commitment generated in a workshop fade quickly if not supported with immediate follow-up activity. One of the lessons of this project is that follow-up activity should be given a greater priority than the initial workshop activity, *especially with respect to the budget*. A single workshop can set things in motion, as indeed it did in each of Peru, Namibia and India. But that motion needs to be continually nurtured and sustained until the group that is formed creates enough momentum to carry it forward on its own. At a minimum, budget for follow-up should allow for the hiring of a local professional to continue to work and communicate with workshop participants for six months. Far more beneficial would be to budget for a second workshop, or periodic workshops over an extended period to report on milestones, renew the process of vision and alignment, and re-commit to action plans to which each participant could again be held accountable. A single workshop creates a seed; a more comprehensive budget and program design would provide the necessary environment for the seed to grow.

# 2.2 Country Studies

## 2.2(a) Purpose

The purpose of the country studies is to help inform international donors (such as USAID, the World Bank, the UNDP, etc.) on the status of workforce development initiatives in the various countries: What are the obstacles & opportunities for improving the quality of these initiatives and for developing new ones?

The author(s) of each study address the following key questions: If an international donor wants to invest in workforce development, what makes the most sense? What should be invested at the macro level, and how? What infrastructure is needed? Does the legal framework foster a market-driven response to the need for employment/workforce training? What laws and policies would be most conducive to such initiatives? What preconditions are necessary to permit such an environment to emerge, and what strategies would be most effective in fostering such an environment? At the micro level, what programs and strategies make the most sense, and how should they be developed? What are the most effective strategies for overcoming constraints and mobilizing resources? Who are the major players and stakeholders who can help shape policy and program outcomes, and how can they be involved?

The first part of each study describes some of the major statistics, programs and trends which have a direct impact on workforce development in the specific country. The study uses the analytic framework represented in Figure 3 (below) to incorporate the following key components and questions:

- Enabling Environment: Do the political, macroeconomic and legal/regulatory conditions in the country provide an environment that is conducive to investment in workforce development? Is there a stable economic climate for long-term investment? Do small businesses or entrepreneurs have access to capital markets? Have workforce development issues been a policy priority in the past? To what extent is the labor market regulated by the government? Is there a functioning labor code? Do regulations make it difficult for employers to hire or fire workers?
- Employment: What are the unemployment and underemployment statistics? How does the informal sector compare to the formal sector? What impact will demographic trends have on employment?
- Education: What are the enrollments at primary and secondary levels? What kinds of investments are being made in education? What is the quality of the curriculum, of teachers? How is the education system administered? Is the education received relevant to the world of work?
- Training: Is skills training common among major industries? What investments are made? How is most training delivered? Through public institutions? Private institutions? Is the training regulated? Are there standards? Are training programs

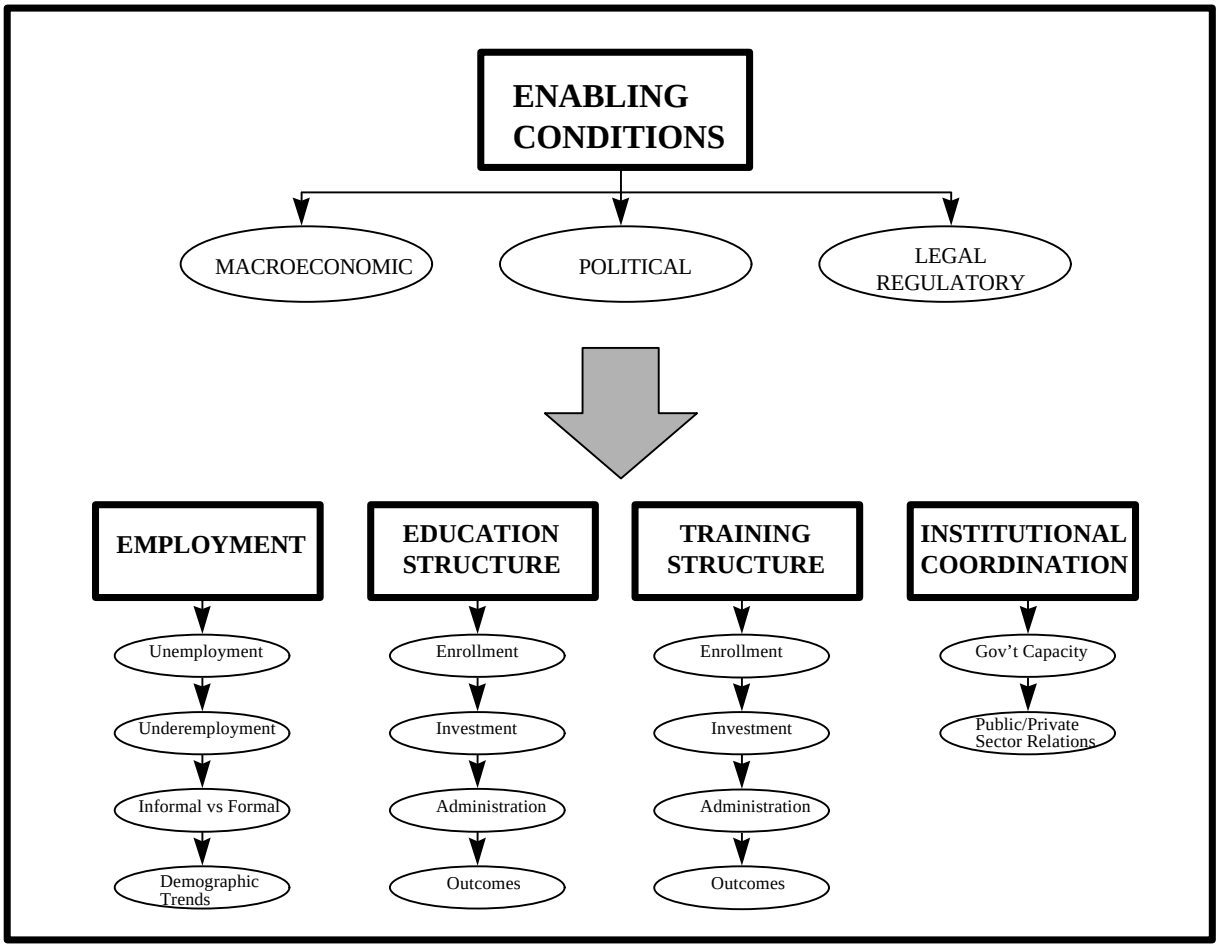
assessed? Are current training practices yielding significant benefits to employers and workers?

- Institutional coordination: What are the challenges facing workforce development programs and reforms? Do different ministries/agencies coordinate their programs (especially the Education and Labor ministries)? Do formal mechanisms and incentives exist to facilitate coordination? What is the government's relationship with national business leaders? With foreign MNCs? What degree of consultation do government planning agencies have with the private sector on training, education and manpower issues?

The second part of each study draws out different investment options in workforce development, based on interviews with key stakeholders and other information collected for the report, for example:

- The status of current workforce development initiatives in the particular country
- The specific programs and activities being undertaken by different agencies and organizations
- The obstacles & opportunities for improving the quality of these initiatives and for developing new ones
- An assessment of what is missing for (more) successful initiatives to occur
- Interviews in which key stakeholders are asked: What should be invested at the macro level, and how? What infrastructure is needed? Does the legal framework foster a market-driven response to the need for employment/workforce training? What laws and policies would be most conducive to such initiatives? What preconditions are necessary to permit such an environment to emerge, and what strategies would be most effective in fostering such an environment?
- Interviews in which key stakeholders are asked: What should be invested at the micro level, and how? What programs and strategies make the most sense, and how should they be developed? What are the most effective strategies for overcoming constraints and mobilizing resources? Who are the major players and stakeholders who can help shape policy and program outcomes, and how can they be involved?

***Figure 3*: *Framework for assessing a workforce development system.*** This framework was used to help evaluate what kinds of investments make sense in each of the five countries studied. At the top of the figure are *Enabling Conditions.* These create an environment in which workforce development programs and policies can have an impact. For example, there must be a functioning political and legal system, a stable economic climate for long-term investment, and sufficient infrastructure to permit the mobility of people and resources. After assessing these basic conditions, each country study looks at the *Employment*, *Education*, and *Training* sectors, and at the level of *Institutional Coordination* that exists among government agencies and between the public and private sectors of the economy. Reviewing each of these areas allows insights into the kinds of workforce development investments that make the most sense for each country.



## 2.2(b) Analysis

Problems Common to the Five Countries

The five studies point to many of the same problems in each country's workforce development system. A few of the more significant ones are highlighted below.

1. **There is little or no information about the supply and demand of labor, the quality of education and training programs, or opportunities for work.** Information that is available is often contradictory or of little value. In each country, the official unemployment figures are usually much lower than the unofficial estimates. The lack of information allows poor quality training institutions to remain in business, permits weak accountability and a lack of appropriate signals for needed reforms. The supply of graduates generated in the education system does not match the skills demanded in the labor market. Without widely reliable, transparent and accessible information about the quality of education providers and the skill needs in the demand side, the education and training markets in these countries are seriously out of sync.

2. **Basic education suffers from a severe shortage of resources and, as a result, often fails to lay a foundation for the higher order learning that is essential to a skilled labor force.** Schools are often characterized by extremely high teacher-student ratios, poorly paid and inadequately trained teachers, a lack of essential teaching materials such as textbooks and chalk, a lack of adequate transportation and a consequently low student participation rate. While in many cases education is highly valued in the country's culture, lack of money for education, or in some cases a lack of political will on the part of the government to spend more money on education, impedes the enhancement of resources for basic education.

3. **Education often leads nowhere.** As a result of the failure of schools to teach the skills valued by the national and global economies, there is chronic unemployment and underemployment even among those who manage to graduate. There is virtually no connection between skills acquired in schools and the skills demanded by employers. Students perceive this lack of connection and, in light of the often high transaction costs, out-of-pocket costs, and opportunity costs to staying in school, often decide to drop out. In Rajasthan, 65% of the boys and 72% of the girls drop out of school after the first five years. In Tanzania, primary school dropout rates have risen from 10% to 50% over the past fifteen years, as families have had to pay an ever-increasing share of the cost of basic education. Enrollment in secondary schools in Tanzania is an appallingly low 7% of all eligible children.

4. **Job training institutes suffer from inadequately prepared trainers and a lack of modern equipment.** Analogous to the problem of inadequate teacher preparation, there is a problem of trainers who are not qualified to train. Persons knowledgeable in a particular field often have poor pedagogical skills. Conversely, gifted teachers may have insufficient or antiquated knowledge of the subject they are hired to teach. Compounding

this problem is the fact that many institutes train with outdated equipment that is no longer used by prospective employers. For example, institutes may train their students for computer programming in languages that are no longer in common use, or they may train them to work on old cars that have parts that are completely computerized in newer versions. In other cases the problem is simply a lack of needed equipment, such as where a training institute has four to six students learning on one computer. The problem of inadequate infrastructure and equipment is particularly difficult because it cannot be overcome simply through increased coordination, but also requires substantial capital investment that is extremely difficult to fund given scarce resources.

5. **Huge inequalities of income persist.** In the Philippines, 33% of the population live below the poverty line, and the bottom 20% share only 5.2% of the nation's total income. In Namibia, 5.3% of the population own some 50% of the total wealth. Income inequality in Tanzania increased sharply from 1983 (Gini coefficient of .52) to 1991 (Gini coefficient of .72) High income inequality limits the opportunities for an extremely significant percentage of these five countries' populations, and also contributes to social unrest that distracts governments and consumes valuable resources.

6. **Burgeoning youth populations create tremendous pressures.** Youth population is the lowest in the Philippines at 38%. In Peru, 60% of the population is 18 or younger. In Namibia, 43% are under the age of 15, and in Tanzania, more than half of the total population is under the age of 19. These countries will be hard-pressed to cope with the demands of youth for legitimate economic participation, making the prospect of political and economic instability more likely.

7. **Creation of new jobs is far outstripped by the supply of new entrants into the labor market, despite persistent shortages of skilled labor in every country.** In Tanzania, some 400,000 young people enter the labor market each year with little hope of finding formal employment. The situation is exacerbated as the government reduces its bloated bureaucracy. Similar problems plague Namibia, where the situation is made worse by the presence of former military, eager for their share of the rewards of having secured their country's independence. Despite this, official estimates indicate that there are severe shortages in skilled labor for professionals, technicians, skilled agricultural workers, and many other occupations. The Philippine study indicates that there is a severe mismatch between demand and supply for skilled labor, despite recent gains in workforce productivity. Similar mismatches exist in Peru.

8. **High debt levels consume money needed for investments in education and training.** In Peru, the need to repay large amounts of public debt has prevented the government from making promised investments in basic education, and in building technical and managerial capacity to achieve lasting reform. The same debt, mostly foreign, crowds out investments in the form of loan guarantees to microentrepreneurs, who currently have extremely limited access to credit. Similarly, businesses are prevented from receiving tax deductions to offset investments in training. In Tanzania,

foreign debt equals 250% of GDP. President Mkapa remarked in December 1997 that Tanzania spends five times more per capita to service external debt than it does on education and health combined.

9. **Low public sector capacity to manage a process of workforce development and an often inefficient public sector.** In all countries, the public sector lacks capacity in one or more critical areas, including (a) managing the political process of building stakeholder systems (Philippines), (b) identifying what is needed, gathering and interpreting data, and making action plans (Rajasthan), (c) coordinating institutions to make the labor market more efficient (Tanzania and Peru), and (d) locating and utilizing technical and other assistance to help the Ministry of Education achieve its workforce training goals (Namibia). Except for the Philippines' fledgling TESDA there is no systemic public-private stakeholder structure with the potential to gather and analyze data, generate alternatives, implement the most promising strategies and evaluate results. Turf wars between ministries and the lack of training for public managers contribute to the problem.

10. **Lack of recognition that workforce development requires a systems thinking approach.** Workforce development systems, when they are effective, should be thought of not only as education and training programs, but as an ecology of actions and reactions of many parties and interests in a continually changing climate of supply and demand -- i.e., the primary and secondary education systems from which all workers come, the universities that generate the technical know-how and the next generation of leaders, the training institutes that impart job-related skills, the Ministry that influences the interest rate that finances micro, small and large enterprises, the Ministry that negotiates trade agreements that affect competition and economic opportunity for businesses, and the Ministry that makes decisions regarding the environment that affect production inputs and availability of natural resources. While both the Philippines and Peru have taken fledgling steps to create an institutional framework that can sustain stakeholder participation, each of the countries could benefit enormously by taking a more systems approach to their education, training, and economic growth efforts. Instead, schools tend to produce graduates who have no marketable skills, employers lack skilled labor, and the countries fail to meet the needs of their people for sustainable livelihoods.

11. **Females are still disproportionately underrepresented in schools, training programs and the labor market as a whole.** In Namibia there is still only minimal involvement of women in formal technical training. In Rajasthan the female labor participation rate is still well below that of males. In Tanzania there is actually a trend of declining female enrollment. This continuing marginalization of females from the labor force not only denies half of the world's population the opportunity to fully realize their human potential, it also impedes economic development due to the essential role that women play in providing for their family and serving as role models for the next generation.

12. **The informal sector is underdeveloped.** In each of these countries, the informal sector contributes enormously to the economy, yet governments have done little to offer support. There is very little vertical integration and subcontracting between the formal and informal sectors. Informal sector enterprises consequently do not have access to lucrative markets, do not receive the benefits of technology transfer, and do not improve their operations or customer service through feedback from more efficient formal sector customers. Microenterprises also have little or no access to credit, technical assistance or information concerning current market opportunities. As a result of these impediments, the informal sector is unable to develop workers capable of quickly responding to changing demands when new technologies, markets and products arise.

13. **Poor infrastructure and harsh natural conditions constrain growth and divert precious resources from workforce development.** Tanzania and Haiti (see Section 2.4) both suffer from extreme deterioration of roads and bridges, and frequent outages of electricity. Peru now joins this group after taking a severe battering from the El Niño weather pattern, which has washed away a substantial portion of the country's major roads and infrastructure. The Philippines has also suffered from the destructive effects of El Niño. Namibia, for its part, suffers from bouts of severe drought. Countries that are faced with such immediate and pressing challenges often cannot afford to make the long term investment in their labor force that is essential for future sustainable development. Rural and more isolated regions suffer particularly badly, as exemplified by the northern region of Namibia, the Andean region of Peru, and the countryside of Tanzania.

14. **Little or no attempts to learn from examples of other countries.** We found little evidence, except for donor interventions, of attempts to learn how other countries handle particular workforce development issues. Funding initiatives that build upon the current one would be a particularly useful investment for international donors.

Encouraging signs

Despite the many problems, there are some encouraging signs in each country.

1. **Movement of Workforce Development to the top of national agendas.** In each of the five countries, the government has explicitly recognized that enhancing the productivity of its labor force is critical for participation in the global economy – e.g. Rajasthan's Ninth Five Year Plan, Peru's *ProJoven* and *Bachillerato* programs, the TESDA program in the Philippines, and various initiatives on the part of the Namibian and Tanzanian governments. Many of these programs are too new to evaluate, but there will surely be successes and failures to learn from. The challenge is for governments to be persistent, sustain the momentum, and be willing at times to trade short term political gain for long term investment in the country's workforce.

2. **The emergence of organizations dedicated to promoting and coordinating workforce development.** Each country is designing programs to grapple with the many interconnected challenges in designing a viable workforce development system. Stakeholders have realized that success in one aspect of workforce development is dependent on success in one or more other aspects. For this reason, they have proposed or already created national bodies designed to foster coordination and increase market information. Examples include the proposed National Employment Council and Sustainable Industrial Development Policy in Tanzania, FOPECAL in Peru, TESDA in the Philippines, and the proposed National Resource Center and Foundation in Namibia. For such initiatives to be replicated elsewhere there needs to be highly committed leadership willing and able to bring stakeholders to work together and give up some of their respective "turfs." International donors would make a great contribution by funding staff and administrative expenses of these organizations. For example, in Peru, highly committed, competent members of FOPECAL meet regularly but lack the resources to carry out many of their initiatives.

3. **The forging of public-private partnerships.** These governments have recognized the benefits of combining the resources and information sharing capacity of the state with the technical know-how and incentive structure of the private sector. For example, in Peru the SENATI and TECSUP programs leverage public and private resources to successfully train several thousands of workers a year. In the Philippines, the Integrated, Recruitment, Training and Placement program, the Laguna Employment and Manpower Development Council (LEMDC) project and the Bureau of Rural Workers (BRW) enlist the active participation of employers, the government and all concerned sectors. In Tanzania the Ministry of Industries and Trade has sponsored an initiative called the Sustainable Industrial Development Policy which coordinates the training of workers at all levels for and by private sector employers. Businesses and governments the world over, in developed and developing countries, are increasingly taking advantage of the resource combination provided by public-private partnerships. These models are replicable as long as there are the resources, trust and the political will to sustain them.

4. **Increasing recognition of the importance of micro and village industries.** All five governments have devoted greater resources to helping microentrepreneurs help themselves (e.g., Adult Skills Development for Self Employment in Namibia, MiBanco in Peru, TESDA's Training Delivery for the Informal Sector program in the Philippines, and the Enterprise Development and Training Program in Tanzania). These initiatives are critical in light of the vast informal sector in each of these countries. Particularly important are the programs that teach business skills, provide access to credit, and facilitate access to markets, including vertical integration with the formal sector (and the consequent technology transfer). Note that all three factors are interdependent: formal sector enterprises will not want to vertically integrate with microentrepreneurs who lack business skills; even microentrepreneurs with business skills and accessible markets will not be able to sustain their businesses without access to credit, and businesses with both skilled proprietors and access to credit will fail

without access to markets. There are many successful models to replicate in terms of business skills training. However, cash strapped governments might not be able to tolerate the risk involved in providing uncollateralized loans to microentrepreneurs at a reasonable interest rate. Finally, providing access to markets is often a function of good infrastructure, a crucial component that is lacking in many developing countries, especially in rural areas.

5. **The success of programs emphasizing demand driven training and a high level of employer input.** The Namibian Ministry of Youth and Sport runs a training center that has a 70% employment rate for its graduates. The training center offers year-long courses that provide young people with demand driven skills ranging from welding to dress making to carpentry. Replication sites will soon offer a life skills course that will develop competencies that are geographically and occupationally portable. In Peru, institutes such as ADEX and CENFOPTUR that are run by trade associations have been particularly effective in providing quality training due to the high level of input from the member employers. A similarly high level of employer input characterizes the LEMDC/BRW models as well as the PESO program in the Philippines. Through multi-stakeholder collaboration, these types of programs appear to be eminently replicable.

6. **A recognition that shortages of skilled labor are in sectors that could contribute significantly to real GDP growth.** The first step toward remedying a problem is recognizing it. The very public and explicit recognition by governments that shortages of skilled labor are in sectors that could contribute significantly to real GDP growth is an encouraging sign that has galvanized the key stakeholders to focus their energies in response. In Rajasthan, the State's 9$^{th}$ Five Year Plan has identified several "thrust" industries in which the development of a skilled labor force is made a priority. The Namibian government has recognized particular skill deficits in the health, technical, trade and engineering sciences and has consequently made a strong financial commitment in these areas as well as in basic education. In order for such a cognizance to take hold elsewhere it is necessary to conduct reliable labor supply and demand projections, and that the leadership have confidence and the political will to act on those projections.

7. **A recognition of the importance of continuous evaluation, monitoring and accountability of training programs.** All of the countries surveyed in this report have tremendous problems of inadequate, obsolete training that is not responsive to employers' demands. Tanzania and the Philippines have explicitly recognized the importance of institutionalizing quality control for their job training systems. Tanzania has responded with the National Council for Technical Education Act of 1997, which established a regime to accredit technical institutions and to create a focal point for monitoring training. It has also responded with greatly enhanced teacher certification requirements. The Philippines, through TESDA, is in the process of finalizing a system for accreditation, coordination, integration, monitoring and evaluation of these institutions vis-à-vis the approved national technical education and skills development

program. TESDA conducts regular and special dialogues, workshops and consultations with these institutions to solicit their suggestions, feedback and other responses relating to the provision of human resources training and development. While with the proper coordination it would be possible to replicate such programs, in many cases the possibilities are limited by the fact that evaluation, monitoring and accountability of training programs is an extremely complicated and costly endeavor. Consequently, cash strapped developing countries will find it most difficult to finance it.

8. **The utilization of distance learning technology.** All of the countries surveyed in this study have significant isolated, rural populations. Lack of adequate transportation is therefore a significant barrier to education and training for many people. Distance learning is one possible solution. Quality distance learning programs exist in places as diverse as Brazil and North American Indian Reservations. The Namibian College of Open Learning has embraced distance learning, and the Peruvian Ministry of Education is also developing a distance learning initiative. While distance learning has a great potential in terms of quality, its accessibility is limited to areas in which there are abundant computers or televisions. As there are significant areas of all five countries that lack such amenities, replication will be a challenging and costly endeavor.

9. **The development of skill standards.** Skill standards are the performance specifications that identify the knowledge, skills, and abilities that an individual needs to succeed in a particular workplace. A major benefit of having skill standards is the ability to forge strong links among the various stakeholders. Skill standards provide a common language, common goals, and a common reference point for the government, employers, workers, students, labor union representatives, and educators. Of the countries studied here only the Philippines and Peru have skills standards programs in place. In the Philippines, TESDA is charged with formulating manpower and skills plans and setting appropriate skills standards and tests, while in Peru the Ministry of Education is currently undertaking a massive sectoral skill standards development project. While it would be possible to replicate skills standards development in many countries, it seems a more efficient use of resources to develop international skills standards so as to ensure that all countries have access to knowledge of the skills demanded by the now global economy.

10. **Reform of basic education to make it more demand driven.** All of the countries studied for this report are reforming their education system to some degree to make it more relevant to the labor market. The most intensive effort is in Peru, where the *bachillerato* program will offer a free, optional two year post-secondary program designed to prepare all students for the world of work while at the same time preparing them for either university studies (five more years) or study at a superior technical institute (two more years). The idea of reforming basic education to make it more demand driven is a practical and positive one. However, experiences in both developed and developing countries show that there must be a substantial period of trial and error

before a program with proven success is likely to emerge. Program designers must pay close attention to the incentive structure for students, teachers and employers. They must be creative in designing programs where there is an insufficient formal sector, in such cases substituting alternatives such as student enterprises and computer exercises (where such technology exists). In all cases, occupationally relevant skills should be infused throughout the curriculum.

### 2.2(c) Executive Summary of Philippines Study: Workforce development – current conditions and opportunities

From being known as the "sick man of Asia", the Philippines has registered steady growth in the 1990s. In 1997, the country's gross domestic product climbed 5.1%, the sixth straight year of growth. Though not as extremely affected as neighbors Indonesia and Thailand, the Philippines is bracing against the effects of the Asian currency turmoil, plus the potentially divisive national elections campaigning, and the destructive impact of the El Niño phenomenon.

The Ramos government has carried out a number of macroeconomic reforms and socio-political initiatives. It has passed new laws and measures facilitating trade and foreign investments, privatized state-owned enterprises, and broken up monopolies in telecommunications, transport, banking and finance, construction, power, insurance, and mining, among others. The government has also launched peace initiatives with different rebel groups, concluding agreements with the *Reform the AFP Movement* and the *Moro National Liberation Front*. Agreements remain elusive with the *National Democratic Front* and the *Islamic Moro Islamic Liberation Front*.

Despite the economic gains and growing political stability, some 33 percent of the total population still fall below the poverty threshold. Ironically, the Philippines has the highest proportion of university-educated workers in Asia, and studies such as the 1997 *World Competitiveness Survey* rate Philippine skilled labor as among the best in the world. Yet many university graduates must go overseas to find decent wage-paying jobs. Local technical, administrative and managerial openings cannot be filled. Most health, medical and information-technology professionals end up being absorbed in foreign labor markets. Thousands of education jobs remain vacant as teachers and instructors queue the foreign embassies in search of better paying employment, even if this means ending up as a domestic servant somewhere in the Middle East or as a factory worker in nearby East-Southeast Asia. A unique feature of the Philippine workforce landscape is the very substantive role which overseas employment plays in the economy. Numbering about 4.2 million, Overseas Filipino Workers contributed US$2.6 billion in 1994.

Workforce development programs and policies

Workforce development policy in the Philippines is governed by the *Technical Education and Skills Development Authority* (TESDA), a division of the Department of Labor and Employment. The creation of TESDA in 1994 was meant to rid government of the unnecessary overlaps, turf wars and lack of coordination among the then leading manpower development offices and to bring to the right track the formulation, adoption and implementation of manpower development policies and programs.

TESDA is charged with formulating manpower and skills plans, setting appropriate skills standards and tests, coordinating and monitoring manpower policies and programs, and providing policy direction and resource allocations for the technical-vocational education and training institutions in both the private and public sectors. TESDA's Board reflects the participation of multiple stakeholders, including six members from government and 13 from the chambers of commerce, organized labor, and private technical-vocational education and training schools.

One of TESDA's more strategic programs is the *Dual Training System*, which combines theoretical and practical training and takes place alternately in the school or training center and the company or workshop. Other programs range from the *Reformed Apprenticeship Program* to *Training Delivery for the Informal Sector*. These and others are described in the report.

The *Public Employment Service Office* (PESO) Program, begun in 1992, is another important initiative from the Department of Labor and Education. PESO functions as a one-stop service provider of labor information, training and employment. Out of the total 1,473 PESO offices established nationwide, 96 percent are managed by local government units, while the rest are being maintained by NGOs. Since the program began, PESOs have assisted over 96,000 clients, of which 87 percent were placed for local employment.

TESDA has done much to sort out the problems which previously led to inefficient and incoherent policies and programs in the area of skills training. Responsibilities and boundaries are now more clearly defined, cutting down on the duplications, overlaps and turf wars which characterized the pre-TESDA period. This has paved the way for the re-shaping of skills programs to be more demand-driven and responsive to the needs of the market.

Priorities for future investments

Workforce development professionals who were interviewed for this report stress the need for the government to reorient itself towards greater facilitation work and standard-setting, rather than provider of social goods. These same professionals emphasize the need to sustain the positive business climate, and for government to seriously address the matter of extending social protection, especially social security, to the rural and informal sectors. Finally, they stress the need to continue developing policies which encourage relevant, responsive and demand-driven training.

There is now a deliberate shift in government workforce development policy towards quality training. Schools are increasingly being evaluated not just by the number of graduates they churn out but also by the number of graduates that are employed.

The study outlines a variety of investment opportunities for the Philippine workforce development system:

**1. Capacity building in TESDA**
As the new lead workforce development agency, the *Technical Education and Skills Development Authority* is overwhelmed by the simultaneous demands of setting appropriate policies and standards, seeing to it that such policies and standards are implemented, and also providing technical education itself. Donor support to increase the capacity and capabilities of TESDA is needed.

**2. Institutionalization of PESOs**
The establishment of new *Public Employment Service Offices*, especially in high growth and depressed areas, is worth supporting.

**3. Intensifying the Promotion of the Dual Training System**
Although still a relatively new scheme, the Dual Training System has attained considerable recognition among industry sectors. It provides an effective means of partnership between schools, firms and trainees.

**4. Replication of successful NGO initiatives**
Programs such as the Ayala Foundation's *Integrated Recruitment, Training and Placement Program* and the *Laguna Employment and Manpower Development Council* should be replicated in other cities and towns throughout the Philippines.

Other suggested investments described in the report include:

**5. Rural Training and Productivity Enhancement**
**6. Education, Training and Retraining of Trainers**
**7. Support for Inclusivist and Collaborative workforce development Schemes**
**8. Formation of workforce development-Related Industry Associations**
**9. Establishing Region-Based Labor Market Information Bulletins and Systems**
**10. Support for Intermediation Service Providers**

## 2.2(d) Executive Summary of Tanzania Study: Workforce development – current conditions and opportunities

Tanzania faces monumental development challenges. Per capita income is $120; life expectancy is 53 years; and 12 million rural households live below the poverty line. More than half of the population is under the age of 19, and more than 400,000 new entrants join the labor market each year.

Very few find wage-paying jobs. The formal sector employs only about 810,000, roughly 10% of the working population. Most of these are in the bloated public sector, which is slowly retrenching civil servants and selling off state-owned enterprises. The informal sector (excluding agriculture) employs another 10% of the working population, including many who also work for the government but must supplement their low civil servant wages with other sources of income. The rest of the workforce, 80%, works in agriculture, many at a subsistence level.

Other development challenges which Tanzania faces include:

- Poor infrastructure, with extreme deterioration of roads and bridges, and frequent outages of electricity;
- Rampant corruption (although the current government has taken some steps to curb the most extreme abuses);
- A burdensome, complex and non-transparent system of taxes and regulations;
- An AIDS epidemic which has ravaged the population.

According to a 1996 study, Tanzania is one of the most difficult countries in which to operate a business. Inordinate amounts of time have to be used to locate organizations and the responsible officials within them to gather information and secure documents required to carry on business. Being registered, obtaining a license, hooking-up utilities, acquiring work permits, and filing taxes are time-consuming tasks. They are also expensive processes as various people require "lubrication" to induce them to assist in the process.

### An education and training system in disarray

Adult literacy rates are low (65% male; 34% female) and, judging by school enrollments, are likely to get lower. The primary education system is deteriorating. More than half of all classrooms have no usable chalkboard; more than one-third have no water. When a teacher retires or is transferred, in half the cases no replacement is assigned. Primary school enrollment is only 54%, in part due to the fact that most families cannot afford the cost of recurring expenses such as school uniforms and supplies.

Enrollment rates in secondary school are an appalling 7% of all eligible children. Alternatives to secondary education include the *Post-Primary Technical Centers* and the *Folk Development Colleges*, but their capacity is low compared to the population they are

intended to serve. Likewise, the capacity of the county's public and private vocational schools is only about 16,000, compared to the more than 400,000 entrants to the labor force each year. Moreover, a common complaint is that the type of training offered does not match private sector requirements.

An emerging workforce development system

For nearly three decades Tanzania oriented its workforce towards the expectation of lifetime employment in government, parastatals or communal agriculture. The political themes, economic policies, and educational curricula were distinctly anti-private business and anti-entrepreneurship. That is now changing:

- The Ministry of Industry and Trade has developed a *Sustainable Industrial Development Policy* which envisages greater emphasis on the training of workers at all levels for and by private sector employers.
- The 1997 National Employment Policy (published by the Ministry of Labour and Youth Development) proposes that a *National Employment Council* be formed to coordinate employment policy in the country by relating activities of each sector with the growth of employment and labour productivity. The *Council* will also collect and distribute data related to the labour market, assist job seekers by linking them with employers, and advise students/trainees on the state of the labour market.

The current government recognizes that there is a pervasive lack of workers with technical, managerial, and entrepreneurial skills and with the attitudes required for creating a modern, competitive industrial culture. It also understands that an integrated workforce development strategy will require collaboration among government agencies, the private industrial associations, academic institutions, science, technology and social research bodies, and non-governmental organizations.

Investment priorities

Tanzania's development needs are vast. Roads, bridges, electricity and telecommunications infrastructure all need to be improved substantially. Classrooms need well-trained teachers, chalk, books and other supplies. Schools and training programs at all levels need to do a much better job equipping their graduates with the skills that are needed to earn a sustainable livelihood. Investments which seek to redress these problems are severely needed.

Other investment priorities should include:

1. Support for the *Sustainable Industrial Development Policy* and the *National Employment Council*. Both of these need to be supported with resources, capacity building and technical support. Funding is needed to bring the different stakeholders

together to create a shared vision and goals, and then to create measurable milestones for each.

2. Retraining of the increasing numbers of adults being retrenched from the civil service and parastatals. Since 1992, about 30,000 have been retrenched from the civil service alone. The government's principle approach has been to provide training which will increase self-employment, but this training has only reached about 800 individuals. Providing training for the rest remains a significant challenge.

3. Redesign of existing vocational training programs, which need to be made more market-driven, in partnership with the private sector. Information about the placement rate of these programs needs to be made accessible to student applicants.

4. Support for skills training in high growth sectors such as tourism, mining, agricultural exports, and construction.

5. Development of microcredit and business incubator programs to provide greater opportunities to those currently outside of the formal labor sector.

## 2.2(e) Executive Summary of Peru Study: Workforce development – current conditions and opportunities

The Peruvian government and business community increasingly recognize the importance of developing the country's labor force. The Ministry of Education recently proposed the institution of an optional two-year program following secondary school, called a *bachillerato*, that is geared toward employment skills training. The Ministry of Labor has likewise embarked on an International Development Bank-funded program called *ProJoven* which is designed to develop the skills of disadvantaged youth by creating a high level of coordination between training institutes and the businesses in which trainees serve as interns under the program. Meanwhile, a few of the larger companies in the business community have also recognized the importance of developing the skills of the country's labor force and have instituted their own formal in-house training programs.

Nevertheless, there remain a number of significant obstacles to the development of a well-functioning workforce development system, including:

- **Severe scarcity of economic resources** and the need to repay a huge public debt. The austerity measures implemented by President Fujimori, under pressure from the international financial institutions, have constrained the political system with respect to many important initiatives, including workforce development. The need to pay back the large amount of public debt has prevented the government from making key investments in infrastructure and technical and administrative capacity that are needed to achieve lasting

reform. It has also prevented the vast majority of microentrepreneurs from gaining access to credit because the pressure on the money supply and the government's inability to guarantee debt have kept interest rates beyond the range of most microentrepreneurs. Finally, the government blames the debt burden for its denial of business requests for tax deductions or other incentives to invest in worker training.

- **A huge dependence on the informal sector.** There are precious few formal sector jobs that pay beyond a bare subsistence wage, and most workers in the informal sector are underemployed and merely trying to survive. They do not learn the skills and competencies required for formal sector employment and career advancement and do not have the luxury of taking time to develop these skills and competencies outside of work. Unfortunately, there is very little vertical integration and subcontracting between the formal and informal sectors. Consequently, informal sector microenterprises do not have access to lucrative markets, do not receive the benefits of technology transfer, and do not improve their operations or customer service through feedback from more efficient formal sector customers. Judging from demographic trends, this situation will intensify. Currently 60% of the Peruvian population is 18 years old or younger. Unless these young people have the opportunity to develop their skills and participate in an economy that grows jobs or provides appropriate conditions for them to create their own employment, they will face even tougher times than their parents are facing now.

- **A disappointing school participation rate.** The secondary school completion rate is below those of Peru's neighboring countries. Many young people perceive that the school system teaches skills that are not useful to the world of work and in any event destines graduates to gross underemployment. The Ministry of Education's *bachillerato* program is designed in part to respond to this problem by keeping students in school and equipping them with the proper tools to quickly be productive in any job they choose or, as is more likely, to conduct a micro-enterprise with more savvy and efficiency.

- **The lack of a training system.** Peru has no coordinated or integrated national system of training organizations. There is instead a smattering of institutes offering a wide range of courses that greatly differ in quality and relevance to the job market. Most of them are small private-sector entities with poor infrastructure and poorly trained teachers. There is virtually no communication with employers regarding the competencies they require. Principal problems with these training institutes include: (1) a lack of communication between the demand side of the market (employers) and the supply side of the market (training institutes) regarding training needs, (2) a lack of accountability for results, (3) a scarcity of information in the market regarding quality and availability of programs, (4) unqualified trainers, and (5) obsolete techniques and equipment, or the simple absence of needed equipment.

**Recommendations for investment opportunities in workforce development**

Seven recommendations are made in the report for future workforce development investments:

1. *Help trade associations to form institutes based on current successful models (such as ADEX and CENFOTUR)*
2. *Lend money for the start-up of an eventually self-sustaining private or semi-private training institute, focusing on high quality, demand-driven courses*
3. *Invest in a private training institute, focusing on high quality, demand-driven courses*
4. *Encourage the development of financial incentives for employers to invest in worker training*
5. *Encourage the continued development of FOPECAL and other institutions designed to promote cooperation and accountability in workforce development, including a national forum in which multiple-stakeholders develop a holistic long range workforce development plan*
6. *Invest in basic education*
7. *Guarantee loans or provide competitive credit to microentrepreneurs*

## 2.2(f) Executive Summary of Namibia Study: Workforce development – current conditions and opportunities

With a population of an estimated 1.6 million people, a reasonable government revenue, a stable political democracy, and basic human rights enshrined in a constitution, Namibia at first glance has many of the essential ingredients for a productive, growing economy benefiting all its citizens. Other factors however, including the apartheid heritage, have produced one of the most skewed distributions of wealth in Africa, and a critical shortage of skilled workforce. Workforce development will be a key element in poverty reduction in the decade ahead, and poverty reduction will be a deciding factor in Namibia's ability to develop and to offer greater possibilities to people who are economically side-lined.

**Section One** of this study reviews the Background and Enabling Environment of the national workforce development system. The colonial era provided the country with a well developed physical infrastructure in terms of communication and transport, but left a large deficit in the development of human resource capabilities, especially in the education, technical skills and health of the people of Namibia.

Unemployment: Unemployment in Namibia is between 19 - 20 percent of a labour force of 435,000. Combined unemployment and underemployment figures are as high as 60 percent, with all regions showing not less than 50 percent. Areas which are considered as having possible growth potential include: tourism, agriculture and agribusiness, the fishing industry, manufacturing and the small business sector, and the informal sector.

Education: The education system is supported by the government's allocation of 28% of its budget to this area. The system suffers from regional disparities in provision and quality, evident in the quality of physical facilities, teacher qualifications, and teacher-learner ratios in rural areas, especially the far North, compared to urban ones. Major institutions described in the report include NAMCOL, the Namibian College of Open Learning, with a 1996 enrollment of 10,828 students; and the Ministry of Basic Education and Culture's Directorate of Adult Basic Education, which offers a nation wide literacy programme with an enrollment of 40,000 in 1996.

Training: In all sectors of socio-economic life critical skills shortages exist. Volunteer teachers are used in the schools, ex-patriots are used in management and technical positions, external consultants are relied on for evaluations and feasibility studies. Although one expects shortages for some time to come, steps need to be taken not only to increase the training capacity in the country, but also to enhance the effectiveness of existing training options. Vocational Training Colleges, Teacher Training programs, the PolyTechnic of Namibia, and the University of Namibia all offer programs to improve the caliber of training in Namibia. A focus on needs in the rural areas, of opportunities for youth, especially young women, and of appropriate training for small and informal business development by all stakeholders would contribute to Namibia's workforce and overall development.

**Section Two** of the report examines current interventions in workforce development. The government of Namibia has made human resource development a priority in its first National Development Plan (NDP1). Skills shortages exist in most fields, but particular deficits will become more and more critical in the science, health, technical and trade, and engineering sectors.

The USAID-EDC sponsored conference, Capacity 2000, on community based skills training held in Namibia held in September 1997 under the auspices of the Ministry of Higher Education, Vocation Training, Science and Technology, provided an opportunity for a large cross section of those involved in the workforce development to represent their activities, views and pressing needs. A number of recurring themes emerged in this conference, and in interviews conducted for this report:

- the priority of good basic, general education and how to assure access for all
- the lack of role models for entrepreneurial and manufacturing initiatives
- the lack of technical personnel to train at all levels - secondary school , basic skills, youth development, vocational colleges etc.
- the need for a data base on training opportunities, credit options, SME support
- the need for more coordination to avoid duplication of services and wasting of scarce resources
- statistic and anecdotal information that skills training is a key to employment
- the expanding problem of youth unemployment and the subsequent questions of service delivery to an adequate number

- the need for improved follow-up and back up services for small business development and skills training generally

Many of these issues are being addressed in current initiatives aimed at employment creation, poverty reduction, skills training, and capacity building within organizations. Initiatives include those of the Ministry of Basic Education and Culture, the National Institute of Educational Development, the Community Skills Development Centres (COSDECs), the Namibian College of Open learning, the National Literacy Programme, the Adult Basic Education Programme, and Open Learning Centres, among others

**Section Three** makes recommendations for future investments. Technical training initiatives at all levels, from secondary school through apprentices technical teachers, lecturers and trainers is imperative. More financial commitment to vocational skills training, a flexible, responsive, demand driven curriculum, and a more coordinated approach could begin to generate a skilled workforce essential for the development of the Namibian economy. Additional suggested investments are to:

Link training providers: Linking, possibly through the Ministry of Higher Education, all training opportunities would improve the quality of training offered by different organizations and different ministries and give clearer guidance to young people of what is required in the market place and what training is available to prepare for those jobs. Many of the bodies necessary to ensure articulation and coordination are in place, but need to be more fully utilized;

Focus on demonstrated competencies: An appreciation of competency based skills, delivered through industry, by NGOs, by government centres, or private initiatives is an essential component of an integrated approach. Namibia continues to show an unhealthy emphasis on formal certification and training programmes, with too little attention given to actual competencies. Some useful steps would include:

- commitment from government and industry to recognize competency based training
- a study of existing programmes using competency training - their methods and successes and dissemination of this information through a national forum.
- support to existing projects in order for them to increase the scale of their outreach in competency based training
- support for new pilot projects in competency training;

Involve the private sector: Links with existing employment operations need to be strengthened. Practical experience and on the job training is limited mainly to formal apprentices and large employers in Namibia. Incentive schemes that encourage private sector training and involvement in work experience would be very cost effective. Innovative projects aimed at placing youth in work situations, be it with a self-employed business, side by side a formal apprentice, or in a large company during the holidays, would offer the necessary introduction to work experience and motivate the participant;

Establish a resource center and foundation: A resource center and data base on skills training and support - available to individuals, small businesses, new entrepreneurs, NGOs and community projects - is needed. A foundation to support the community skills development centres (COSDECs) could make this important contribution.

New interventions are best based on what already exists and using what has already been learned. All too often new initiatives are not themselves demand driven or well integrated into existing programmes. Building on the strengths of local communities, on existing studies of growth areas, on some traditional products and on successful pilot projects will ensure the best results for future workforce development initiatives. An integrated and coordinated training effort from the government, the private sector and the NGOs can begin to relieve the critical skills shortage. Information collection and dissemination on the availability of technical and business skills training, of support to small business and on markets would contribute to the best use of these resources.

## 2.2(g) Executive Summary of India Study: Workforce development in the State of Rajasthan

Approximately 2.6 million people will be added to the Rajasthan workforce from 1997 to 2002. Yet there is a glaring mismatch between the supply and the demand for labor, especially with respect to skill levels. For example, Rajasthan has one of the lowest rates of literacy in India. The 1991 census showed only a 20 percent female literacy rate. A 1996 report estimates that 62 percent of the population above the age of seven is unable to read and write.

The major workforce development initiatives in Rajasthan are supply oriented, focusing on government-run training institutes. Unfortunately, these institutes are poorly linked to the real-world demands of the marketplace, and their graduates find only limited use for their new credentials. A glaring need in the state is for the existing training institutes to become more demand-driven by linking them to the private sector and industry.

Part One of this report focuses on the employment scenario in the state and the mismatch between the demand and supply of labor. The report shows that the capacity of all of the various training institutions available in the state is minimal compared to the vast numbers who need to be trained. In 1995, there was capacity for only 16,545 places in training institutes, and this number actually represented a *decrease* from 1991. Moreover, only 66% of training vacancies are actually filled, and the number of vacancies has increased over the 1991-1995 period. The courses offered in these institutions are apparently becoming less attractive to young people, most likely due to low job prospects after receiving the training. However, the study notes repeatedly that information on rates of job placement are not available. This lack of information on the labor market is a severe impediment to a well-functioning workforce development system.

Part Two addresses the emerging avenues of employment in Rajasthan. The "thrust industries" identified in the state's industrial growth strategy include (1) Electronics and Software; (2) Floriculture; (3) Ceramics; (4) Textiles (5) Agro and Food processing; (6) Leather-based activities; (7) Mineral-based activities; (8) Wool-based activities; and (8) Small, Tiny and Village industries. The potential for microenterprise development is also substantial, provided that bottlenecks can be removed in creating market linkages, developing skills, and obtaining access to credit.

Part Three focuses on the training facilities that are available for skills upgrading, including the Polytechnics, Industrial Training Institutions (ITIs), Colleges and other institutes. Special attention is given to student drop-out rates. These rates exceed 50 percent for about half of all courses offered, again suggesting that students find them to be of little help in securing jobs in the marketplace. The lack of job-placement information is again noted. Many more courses attract few applicants for admission. Collectively, these observations cast serious doubt on the quality, relevance, marketability and cost effectiveness of the training imparted. The link between market demand and the provision of skills training is missing.

Suggestions for future investments in workforce development are given in the Part Four, and are also sprinkled throughout the report. Among the recommendations:

(a) Create a state-wide body of the various public, private and NGO stakeholders in workforce development to develop a clear strategy and list of priorities;
(b) Restructure the technical and vocational institutes to bring about partnerships with industry and the private sector, and to make these institutes more demand-driven;
(c) Develop systems to periodically review the quality of training and the course content at vocational schools and institutes; redesign and update course offerings in view of the changing requirements of the market;
(d) Develop information systems to shed light on the labor market, the number and type of jobs demanded, and the placement rate of training programs;
(e) Target investments toward the establishment of linkages between education, employment and development;
(f) Target workforce investments in potentially high growth sectors, including (i) gems and jewelry, (ii) wool-based industries, (iii) leather based industries, (iv) mineral based industries, and (v) tourism;

The report also recommends investments be made to expand training facilities for paramedics, reduce the problem of child labor, develop low cost training facilities for rural management, and acquaint local stakeholders with the design and implementation strategies of successful workforce development initiatives in other countries.

## 2.3 Electronic Networks

The electronic discussion group (list-serve) that was developed to support this project was called WORLDWFD. As of February 1998, there were approximately 280 members of WORLDWFD from numerous countries, including Peru, India, Namibia, Colombia, Australia, Canada and the US, among others. During the eight month period when the list-serve was active, over 160 messages were posted. These messages fall into three categories:

a) queries and discussions about different topics relating to workforce development (such as causes of high attrition rates in adult vocational education programs and socio-economic barriers to employee development);
b) requests for information (best practices, regional or local programs, articles and information technology); and
c) announcements of upcoming conferences, projects, web sites and other sources of information.

Some of the many discussion topics included:

1. Successful characteristics of school-to-work programs and how to overcome obstacles;
2. Skill standards and other signals to employers regarding a potential employee's qualifications;
3. The potential for international skill standards;
4. The relevance of academic transcripts in evaluation of prospective employees;
5. Causes of high attrition rates in adult vocational education programs;
6. The challenge of overcoming transportation and child care difficulties in welfare-to-work programs;
7. Trends in the percentage of jobs requiring a college degree;
8. Cultural considerations in the training and development environment;
9. Where the most innovative thinking and planning on workforce development is going forward;
10. What difference the nature of the economy has on public/private policies toward workforce development;
11. Which countries appear to be the most engaged in dealing with workforce development;
12. Argument that traditional vocational and academic education does not provide the best preparation for the emerging knowledge-based economy and proposals for reform.

<u>Areas of consensus</u>

- Portfolios and other objective indications of skills are preferable to academic transcripts and other signals;
- The US has always had a highly mobile labor force;
- The cultural relativity of workforce development programs;

- The need to consult with trainees in the design phase of workforce development programs.

Areas of disagreement
- Whether political support is a sufficient condition for skill standards;
- How practical and how desirable international skills standards would be;
- Trends in the percentage of jobs requiring a college degree.

The messages posted to the WORLDWFD list-serve are archived on the web site of the Center for Workforce Development and can be accessed at: *www.edc.org/CWD/*

# 2.4 Field Support

One of the objectives of the *Investing in Tomorrow's Workforce* project was to encourage USAID Mission interest and involvement in workforce development. When the project began in November 1996, USAID did not have a Strategic Objective (SO) in education and training, so most Missions chose not allocate resources to skills training and other workforce development projects. This is now starting to change, helped tremendously by the announcement last summer that USAID was elevating training and education into an Agency-wide SO. This is now USAID Goal 3: *Human capacity building through education and training.* Although this SO is primarily focused on programs in basic and higher education, it also recognizes the importance of skills training and workforce development.

The USAID Mission in Haiti in one of the first Missions to make workforce development a major focus of activity. In February 1997, the Mission became the first (and only) to "buy-in" to the *Investing in Tomorrow's Workforce* project by requesting field support from Education Development Center. The highlights of that field support are detailed below.

## 2.4(a) Executive Summary of Haiti Trip Report

USAID/Haiti asked the Center for Workforce Development (CWD) at Education Development Center to carry out a week-long assessment of workforce development issues in Haiti. The following is a compilation of the information and ideas that were generated through this collaboration. As detailed in the statement of work, the Human Capacity Strategic Objective Team at USAID/Haiti had sought both information and ideas from the CWD team on initiatives for development of the Haitian workforce and providing of market oriented skills training for unemployed Haitians through private providers.

During our week in Port au Prince, the CWD team met with key stakeholders involved in the economic and social development of the Haitian workforce. These included members of the ministries, donor community, NGO's, public sector, private sector, employers, student organizations and training centers. These interviews were to help the CWD team to better understand the Haitian context for workforce development. In addition, the CWD team's charge was to start building a rapport between various stakeholders, suggest strategies from Best Practice in Workforce Development from around the world and present a synthesis of its findings along with options for further action in a presentation and this written trip report.

Workforce development as defined by CWD *is about enabling all people to have access to opportunities that enhance the development of their skills, knowledge, and aptitudes such that they are able to participate in productive work, either by means of self-employment or by working for someone else*. With this definition in mind and the awareness of the tremendous challenges being faced by the country, we set out for the interviews to learn as much as possible about the political, economic and social context for workforce development in Haiti.

Our focus was to find what was missing, what was working and the factors that required special consideration when designing initiatives for workforce development in Haiti. Our inquiry into what was missing concentrated on the following nine criteria:

1. Leadership and Accountability to determine the key strategies, values and standards central to Haiti: We found that a consistent complaint of all stakeholders was the lack of basic information in almost all arenas. There seemed to be very little collaboration and communication between employees and employers. In addition, people had a negative impression of vocational schools and were not used to taking responsibility for their actions.
2. Demand-Driven Design to be able to respond to the needs of the labor and training markets: We did not find a strong link between demand and supply in Haiti.
3. Open Access so as to have transparent criteria for entry and exit especially for vulnerable populations: Quite the contrary was found in Haiti, where expectations of employers and employees are seldom explicit and personal networks are often means to find employment.
4. Portability of Skills to allow for mobility and standardization of skills: In Haiti a lack of structure and hierarchy had led to the breakdown of the chain of command within organizations.
5. Continuous Improvement to improve practice and evaluate throughout the production process: this was far from integral to the service industry in Haiti as is demonstrated by the severe shortage of middle technical managers.
6. Public-Private Partnerships to combine resources and make projects more sustainable: While the potential for both Donor and Stakeholder collaboration was seen, and some efforts are indeed taking place, much more needs to be done to ensure a viable and sustainable workforce development strategy.

7. Sustainable Financing for giving programs flexibility to respond to different funding circumstances: An acute need for funds for equipment, curriculum, training, trainers and materials was an underlying theme in all our conversations in Haiti.
8. Replicability in order to be able to leverage the learning from successful programs and initiatives: While we identified models and initiatives that were successful in Haiti these were all constrained both financially and in their capacity for expansion.
9. Economic and Social Impact to help build democratic principles, sound environmental practices and meet the needs of vulnerable populations: While this is key, especially in a nascent democracy, not enough is being done to make a significant impact in these areas.

Throughout our visit, we were encouraged by the enthusiasm of the Haitians we met with despite their circumstances. Some of the more notable initiatives that seem to have got the right ideas and are seen as quite successful in Haiti include: *The Presidential Commission Initiative; ENST ( Ecole Nationale Superieure de Technologie); USAID Micro-Credit initiative; UNESCO-NGO collaboration; CANADO; Solidarite Laique; and Salesian Brothers*

Sadly, most of the above initiatives are suffering from a lack of resources and have limited capacity for expansion. In some cases, such as ENST, even though the demand for their graduates is extremely high and it is recognized as a top institution of Haiti, their supply of graduates cannot be increased due to a lack of institutional capacity.

Certain additional factors (summarized in the USAID 1998 Congressional Report) need to be considered in designing a workforce development initiative in Haiti. The first among them is the political and economic climate. Understandably, many public institutions are experiencing turbulence due to the country's legacy of political instability, lack of consistency in directives and the need for competent public administrators. Democratic principles are not yet in place and there is minimal civic participation. The public sector debt is also having a negative impact on industry and investments. Secondly, the informal sector is huge (estimated at 90% of the Haitian workforce). This means that most of the workforce is hard to reach through traditional training means.

Despite the challenges of Haiti , we believe that USAID will get the highest return on its investment if it keeps in mind certain criteria for investment. These include a focus on empowering women, an emphasis on both basic and technical education, creating and building access to information, insistence on a demand driven design, development of strong public private collaborations and financial and environmental sustainability.

**Options for Investment:** At our presentation to USAID /Haiti, the CWD team proposed several options for investment. These included an immediate next step followed by five longer term options.

**Immediate next step:**

- Workshops of stakeholders: As an immediate next step, the CWD team highlighted the option of a workshop of stakeholders to help identify underlying assumptions about work, workforce development and the way 'things are always done' in Haiti. The workshop would be an opportunity for participants to become empowered to design a new future for their country. The purpose of the workshop would be to transfer the ownership of the Workforce Development Initiatives to the stakeholders of the country. We anticipate that by processes of analysis, reflection, discussion and buy-in that will be an integral part of the workshop, the participants will decide on some of the following (or any other) options for workforce development in Haiti.

**Five longer-term options for USAID investment in Workforce Development in Haiti:**

1. Women Empowering Women for Leadership Roles: The purpose of this project is to continuously train and foster new Haitian women leaders for civic and full economic participation, help them develop leadership qualities by working on individual or group income generating projects, build alliances, create networks, and improve the status of all women.

2. The Biovillage Project: The Biovillage is a pro-women, pro-poor, and pro-environment paradigm for rural development. It was developed by Indian scientist Dr. M. S. Swaminathan to stem the migration from rural areas to the cities. It involves a collaboration of resource-poor women, scientists, financial institutions and educators working to develop opportunities and offer skills training for market-driven small scale enterprises that are supported by the local natural resource endowment. Women are given technical assistance, access to capital, markets, and training in how to manage a micro-enterprise

3. Skills Development Center for the Industrial Sector: There is a lack of skilled labor in factories (particularly in the Textile Industry). Employers find themselves importing 'Middle Managers' from the Philippines and the Dominican Republic. There is an idea already in place for addressing this need. Some employers have proposed to open a Center, which would be run by them to train and develop Middle Managers and other skilled labor.

4. Hotels and Tourism: The tourism sector is widely identified as a potential engine for economic and job growth in Haiti. A successful training center already exists (L'Ecole Hotelier), however it faces severe bottlenecks in resources (trainers and equipment) and classroom capacity. An investment in this area would have the advantage of building on a successful model in a growth sector, with strong support from the Ministry of Tourism.

5. Center for Public Administration: The *Association Nationale des Anciens Bourciers du Gouvernement Americain* (ANAB) have identified the lack of training resources for publicly elected officials, especially mayors, as a huge problem in Haiti. They have developed a proposal for a three year pilot project to establish a Center for Public

Administration. Such a Center could help generate transparent information about education, training, and access to markets.

# 3.0 Results, Lessons Learned, and Future Directions

## 3.1 Results

The following is a list of accomplishments and results of the *Investing in Tomorrow's Workforce* project. None of the items on this list would have occurred without the investments made in this project.

***IN-COUNTRY DEVELOPMENT WORK***

1. A new association for the advancement of workforce development issues in Peru has been created. The *Foro Peru de Capacitación Laboral* (FOPECAL) grew out of the July 1997 workshop in Lima. This association is a legally-recognized body whose members include representatives from the Ministry of Education, the Ministry of Labor, universities, vocational and technical schools, NGOs, and industry. FOPECAL is dedicated to realize the vision that every Peruvian will have the opportunity to develop the skills and training needed for a productive and sustainable livelihood.
2. An Advisory Council was formed in Namibia to help with the development of Community Skills Development Centers (COSDECs). Fifty participants of the Namibia workshop signed up for the Advisory Council, providing a new resource to the Ministry of Higher Education, Vocational Training and Scientific Research . The council will develop the COSDECs and a new Foundation to channel more resources into workforce development initiatives.
3. Eighty individuals in India committed themselves to 3-month action plans targeted at promoting initiatives which empower women with technology that reduces their hours of labor, and which adds value to the work they do for themselves, their families, and their communities. These action plans were developed during the 3-day workshop in December 1997. The participants also committed themselves to creating new milestones and action plans every subsequent three month period until a follow-up workshop is held in December 1998.

***MISSION ACTIVITY***

4. Several USAID Missions became involved in workforce development activities, including Peru, Namibia, and India.
5. Haiti became the first USAID Mission to "buy-in" to the project by funding a survey trip. Based on this initial survey, there is excellent potential in Haiti for the Mission to focus further on workforce development initiatives.
6. Several Missions have had increased communications with HCD on workforce development issues, including Tanzania, Ghana, South Africa and Bangladesh.

***PARTNERSHIPS & FUTURE PROJECT OPPORTUNITES***

7. USAID's HCD developed a working relationship with the British Commonwealth Fund, as a result of introductions made by CWD. The British Commonwealth Fund co-funded the Namibia workshop, and the potential for future project collaborations remains strong.
8. SNI and CWD signed a Memorandum of Understanding to collaborate on future work. The National Society of Industries in Peru (known as SNI, the *Sociedad Nacional de Industrias*) and the Center for Workforce Development at Education Development Center, signed an agreement that calls for joint work, shared information, and technical assistance over the coming five year period.
9. The MS Swaminathan Research Foundation (MSSRF) and CWD signed a Memorandum of Understanding to collaborate on future work. This agreement has allowed both organizations to begin working on a proposal to further the development of the Foundation's Biovillage program.
10. CWD has built on the themes and contacts developed in this project to propose a number of new projects, including:
    - **Biovillage Project:** The Biovillage is a collaboration of resource-poor women, scientists, financial institutions and educators working to develop opportunities and offer skills training for market-driven small scale enterprises that are supported by the local natural resource endowment. This project will create different mechanisms to assist with the replication of the Biovillage concept in India, as well as in other countries around the world.
    - **Women Empowering Women Leaders:** With women making up 70% of the world's 1.3 billion poor, the "feminization of poverty" is at its peak. The goal of this project is to continuously train and foster new women leaders, build alliances, create networks, and improve the status of women in developing countries.
    - **Youth Livelihoods:** Over one and a half billion people are between the ages of 10 - 24, representing almost 30 percent of the world's total population. By the year 2025 their numbers are projected to be nearly 2 billion. The project will develop networks and promote best practice in developing youth initiatives that lead to sustainable livelihoods.
    - **Assessing the Future of Work in an Overpopulated World:** One of the greatest challenges facing the world today is how to generate remunerative employment for one billion people in developing countries who will bring their rising expectations to the world labor market in the coming decade. This project will assess the state of preparedness of governments, NGO's, and the private sector to cope with the projected population explosion of youth in a representative sample of developing countries throughout the world.

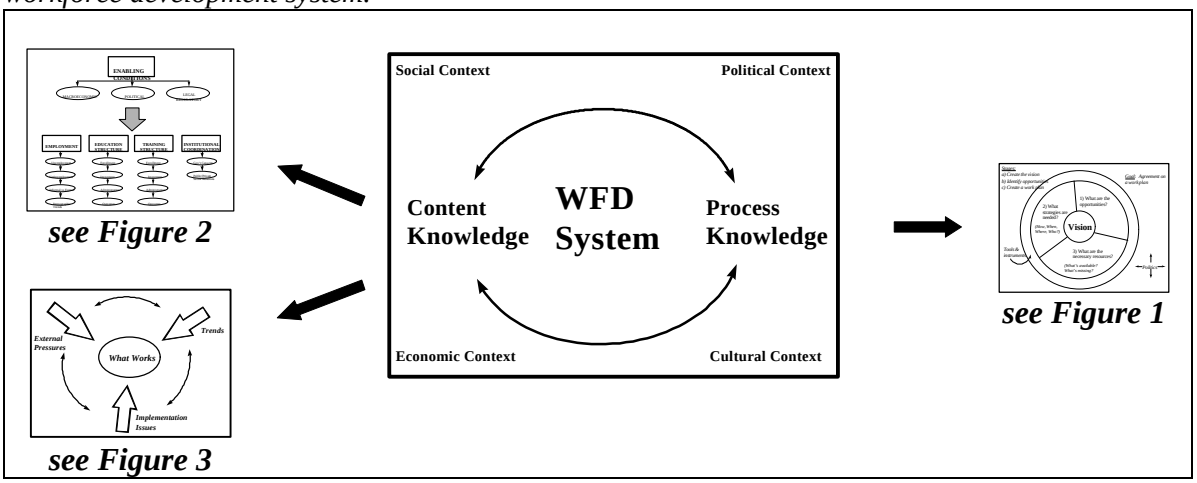
# 3.2 Lessons Learned

Section 2.2(b) of this report discusses some of the lessons and themes that are common to each of the countries studied. This section describes some lessons and themes arising from the workshops that donors can draw upon as they plan future initiatives.

**1. The need for increased emphasis on process knowledge to galvanize stakeholders to action**

This project increased the emphasis of process knowledge (as contrasted with content knowledge) in workforce development. *Content knowledge* refers to the substantive knowledge of which specific programs and practices are successful and why, as well as relevant frameworks for analyzing and developing a workforce development system. In contrast, p*rocess knowledge* refers to methodologies for galvanizing multiple stakeholders to action by, among others, creating vision, alignment on goals, and a sense of shared responsibility among them. As suggested in Figure 4 below, each type of knowledge is equally important. However, most programs tend to give far more attention to developing content knowledge, leaving the challenge of creating vision and alignment to occur by itself, with few (if any) directed exercises. Yet without the full commitment and alignment of the people who will be performing project work and receiving its benefits, content knowledge is fairly useless – it remains like an unread book in the library, begging for attention.

***Figure 4*: *Framework for approaching workforce development issues*.** *The center box suggests that Content Knowledge and Process Knowledge are equally important in thinking about workforce development. Content knowledge refers to analytic frameworks (see Figures 2 and 3) and a familiarity with specific programs and practices (see the 20 cases in best practice highlighted in the Guidebook of the Compass to Workforce Development Toolkit). Process Knowledge refers to methodologies for creating vision, alignment and a sense of shared responsibility in multiple stakeholders (see Figure 1). Both Content Knowledge and Process Knowledge occur in the larger Social, Political, Economic and Cultural contexts of the country. Knowledge of each of these four contexts is needed to understand the various influences on the workforce development system.*



This project has given a great deal of attention to developing process knowledge. *A key lesson we learned in the design of workshops is to set high expectations for personal commitment and results*. We decided early on that these would be *action-oriented* workshops instead of academic ones. Instead of presenting studies and papers, we designed the workshops so that key stakeholders would engage in a conversation about creating a shared vision, identifying opportunities based upon the content knowledge of what works and, ultimately, creating and committing to action plans with measurable milestones to which each could be held accountable.

With the above distinction in mind, the remainder of this section is divided into process knowledge lessons and content knowledge lessons.

## PROCESS KNOWLEDGE LESSONS

### 2. There is tremendous value in donors partnering with NGO's to convene stakeholders and facilitate access to information

In Peru, the USAID-sponsored workshop was the first time in memory that the Ministry of Education and the Ministry of Labor met to discuss common objectives. Through this meeting, they are now both members of FOPECAL. In Namibia, USAID's workshop was the first time many of the attendees had ever heard of the initiative to develop Community Skills Development Centres (COSDECs) in their own communities, and it was also the first time that many had ever heard of microcredit schemes that achieve loan payback rates of more than 98%.

### 3. Emphasis on vision & alignment is critically important

We heard from many participants that our emphasis on vision & alignment distinguished these workshops from others they had attended. In each workshop, several sessions were devoted to developing a group vision for what is possible in workforce development and then aligning behind this vision through personal commitments, action plans and the setting of milestones. As a result, these workshops tended to build energy and commitment rather than disburse it. This design allowed them to be action-oriented rather than academic.

### 4. Understanding the culture is essential

Programs cannot be translated from one country to another without developing a deeper understanding of the human and cultural systems at work. In Haiti, the history of slavery, voodoo, French colonialism and dictatorship combine to create cultural attitudes towards jobs and supervision that are critical to consider before any new work is considered. A World Bank study points out that "very careful consideration should be given to the local labor market, industrial relations and training cultures prior to modeling a reform of training on the 'successful' experiences of another country…. The German 'dual system' can only work well if there is a 'training culture' amongst employers. This does not exist

in many developing countries. Similarly, the role of employers is unique in Japan, as is the labor management and industrial relations system."[5]

**5. Strengthen and empower existing initiatives first**

All countries we surveyed have an active group of dedicated professionals in workforce development. Smart people are doing smart things, and any new efforts should involve these individuals, strengthen existing initiatives and leverage current investments. This is not to say that there is no role for new programs and new initiatives based on best practice around the world – often these can be incorporated into ongoing work.

**6. Aim to shift stakeholders' perspectives to empower them for action**

Perhaps the most important contribution of the workshops was to cause a shift in perspective for many of the participants. We witnessed significant changes as participants felt empowered to take action. The conversation shifted from *someone else is responsible* to *I am responsible*, from participants being the victim of a broken system to being leaders with a positive role to play. It was this shift in perspective which opened up possibilities that were invisible before.

**7. There is a great need to follow-up the initiatives developed at the workshops**

The shift in perspective referred to above is not a permanent one. It quickly loses power if not supported with follow-up activities and contacts. One of the lessons of this project is that when planning for a workshop that is designed to catalyze activity, follow-up should be given equal or greater priority at all stages, *especially with respect to the budget*. A major disappointment of the Peru workshop has been the lack of funding for the initiatives of FOPECAL, a group of highly committed stakeholders that was formed at the workshop. FOPECAL meets regularly and develops initiatives that address pressing needs that were identified at the workshop. Unfortunately, these initiatives, several of which are designed to help the organization become self-sustaining, have not yet been funded. Donors should provide at the outset for a mechanism to get the initiatives they hope will come out of the workshop off the ground. At a minimum, budget for follow-up should allow for the hiring of a local professional to continue to work and communicate with workshop participants for six months.

Far more beneficial would be to budget for a second workshop, or periodic workshops over a an extended period to report on milestones, renew the process of vision and alignment, and re-commit to action plans to which each participant could again be held accountable. Ideally, the phase-out of donor investment over a several year period would correspond to a phase-in of local investment, as the value of the activities become apparent.

[5] Schweitzer, Julian: "Vocational Education and Training The Role of the Public Sector in a Market Economy." Published by the World Bank, April 1994.

**8. Involve donors separately**

The donor community was reluctant to participate in these workshops for fear, we believe, of being put on the spot and asked for money. Rather than attempting to involve donors directly in a stakeholders workshop, a more successful approach might be to convene just the donors in a separate conference to align with workforce development objectives. The results of such a conference would be very useful in a workshop of stakeholders.

## CONTENT KNOWLEDGE LESSONS

**9. The nine characteristics of successful programs offer a powerful framework for guiding future investments**

This project confirmed the importance of the nine characteristics of successful programs (e.g., "what works") developed in the *Compass to Workforce Development: A Toolkit for Policymakers, Donors, Governments, NGOs and Practitioners*. Many people made suggestions for inclusion of additional characteristics, such as community ownership, community participation, and access to credit. The initial list of nine characteristics evoked much dialogue and helped focus attention on important design elements of new programs and initiatives.

**10. Workforce development initiatives need to involve the private sector to a greater degree**

With the increased emphasis on the importance of markets to economic development, the private sector will have an increasing role in the economic life of many countries. Some of the best models we have seen in this study have come from the private sector (e.g., ADEX/CENFOTUR in Peru, MFI and AFI in the Philippines) Workforce development programs need to incorporate the private sector to a greater degree on several fronts. In particular, they need to change its perception from a present-oriented one of obtaining workers at the lowest possible cost to a more long term mentality of investing in workers to make them more productive in the long run. Likewise, if the private sector is going to be asked to take on more responsibility to develop a country's labor force, it needs to have the technical assistance, the physical assets and the short term financial incentive to do so. Donors can enhance the involvement of the private sector by designing programs that accommodate the busy schedules of people who run businesses and emphasizing to them the positive impact that participation could have on their bottom line. In addition, donors can work with the public sector to provide appropriate incentives for employers to invest in worker training.

**11. Donors should emphasize general capacity building of the institutions essential to workforce development**

"General capacity building" refers to the both the physical and intellectual capacity of an organization to achieve its objectives. In this case we refer to the organizations essential to workforce development, such as training institutes, schools, and the governmental ministries of education and labor. The needs of such organizations are many, ranging from the capacity of the trainers and teachers who conduct the front line work to the money

they have to attract qualified staff. As we have seen throughout this study, the organizations most essential to workforce development suffer from a severe lack of capacity in the form of: inadequate building space, equipment and supplies, unqualified, underpaid and distracted staff, inadequately trained managers, and trainers and teachers who are likewise underpaid and poorly trained. While it might be more attractive to the public to invest in programming as opposed to administration and staff, the great need in this regard cannot be overemphasized.

**12. A legal system and corresponding business climate that are conducive to worker training are crucial preconditions to workforce development**

A legal system and corresponding business climate that create adequate enabling conditions for investment in workers' employability are essential components of a workforce development system. As is exemplified by the cases of Tanzania and Peru, when such components are lacking the challenges to workforce development are increased greatly. Tanzania is notorious as a most difficult country in which to conduct business and is rife with non-transparent regulatory obstacles. As a result, economic growth is constrained and there are fewer jobs created, fewer resources available for worker training, and a lower return to investment in workforce development. In Peru, there are but few incentives to make long-term investments of precious resources in workforce development. Contrast the country of Malaysia, which has created a Multimedia Super Corridor that has, to date, attracted close to 200 companies from many parts of the world, including the US, Europe and Asia.[6] It is these types of policies that have in the past 30 years transformed Malaysia from an agricultural nation to one of the most dynamic manufacturing economies in Asia. Donors would be wise to provide the governments of other developing countries with technical assistance to create a legal and regulatory structure to help workers acquire the skills and other resources they need for a productive livelihood.

**13. Donors should work to ensure that no country gets left behind in the information age**

As the nature of work around the world slowly changes from primarily emphasizing agriculture and manufacturing to primarily emphasizing information processing and services, countries with poor infrastructures to accommodate this change run the risk of being left even further behind. With the global economy increasingly organized around information flows, control of or access to information technology is a key element of competing for market share.[7] In addition, modern information and communication technology is a critical component of productivity and overall economic growth. A workforce that has the capacity to grasp the concepts required to learn how to work with information technology is therefore essential. Donors should therefore direct resources not only toward the provision of training in information technology related occupations, but also toward the provision of the infrastructure itself. As always, lurking in the

[6] See the Multimedia Super Corridor website at http://www.mdc.com.my/.

[7] Excerpted from the introductory message to the ILO and EDC's internet discussion group on information and communication technology, posted May 18, 1998.

background of any discussion of workers' capacity to learn is the urgency of improving basic education, which has been discussed elsewhere in this report.

**14. Countries require multiple interventions simultaneously**
Workforce development is a complex system that requires the balancing of many fronts, each of which feeds back on the other. The legal and educational systems, economic policies, infrastructure, information systems and much more all help determine whether individuals will have the opportunity to upgrade their skills and lead productive livelihoods. A single workshop or program in 'best practice' is far from sufficient, and multiple efforts on distinct fronts need to be sustained over periods of many years.

## 3.3 Future Directions

**1. Evaluate progress after one year**
Through the workshops, USAID has helped to create new initiatives and networks in Peru, Namibia and India. The participants of each workshop developed goals and action plans to advance workforce development issues in their country. What progress will they be able to report after one year? This would be invaluable information for USAID to have in order to refine future program plans. A follow-up workshop would allow participants to report on their successes, re-commit to the vision that each established, and develop new strategies.

**2. Hold similar workshops in other countries**
USAID has an important role to play as a convenor of stakeholders and catalyst of local activity. The workshops described in this report have been a highly effective vehicle for USAID to exercise this role in a low-cost and unobtrusive manner, while at the same time producing significant outcomes. USAID should expand on the success of these first three workshops in other countries, especially now that the Agency has elevated Education and Training to a full fledged Strategic Objective.

**3. Workforce development needs to be elevated to a high-priority goal**
Notwithstanding the recent elevation of Training and Education to a USAID Strategic Objective, most donor agencies still do not really know what to do with "workforce development". Perhaps it is the term which is awkward and does not convey the same urgency as infant mortality, hunger or literacy. Perhaps "sustainable livelihoods" would be better. *How will people earn sustainable livelihoods? How will the workforce continue to earn a living?* These simple questions go to the heart of development.

Making workforce development an explicit objective within a country's larger development strategy would offer value because it would help integrate a variety of different systems. Without a specific "home" or explicit objective, workforce development tends to be allocated lip service but not a budget or resources. In Peru, our workshop was the first time in anyone's memory that the Ministry of Labor and the

Ministry of Education were brought together to talk about their common interest in seeing the graduates of the training and education systems meet the demands of the labor market. Ministries in most countries have few incentives to collaborate with each other. Sometimes the relevant ministries don't exist at all – Haiti doesn't even have a Ministry of Labor, and so workforce development receives little meaningful attention from the public sector.

Similarly, donor agencies often have an "education" program or objective, but rarely one related to workforce development. The country studies in this report show a tremendous emphasis on providing basic education. While this is critically important, it is also important to ask *where does this basic (or in some countries, secondary) education lead?* In four of the five countries we studied, it appears to lead nowhere. This is attested to by huge dropout and unemployment rates, even for those who complete their education. In each country, there is a severe dichotomy between the education provided, the availability of productive work, and the skills required for productive participation. In each of these countries, there is enormous youth unemployment. And, ironically, in each country there is a real skills shortage for those jobs which are well-paying.

Given this situation, does it make sense to keep pouring money into basic education? Why not start looking at the effects that donor investments have over the life cycle of the children they are investing in to find out what else might be needed? If this is done, we are confident that the benefits of a more focused attention on workforce development would quickly become apparent.

**4. Measuring progress**

Some indicators, benchmarks and milestones by which to measure success in workforce development investments might include progress in the development of labor market information, standards, linkages and transparency, such as:

- Establishment of a national coordinating body on workforce development, linking together key stakeholders in government, industry, education, NGOs and donors;
- Establishment of a national skills standards board;
- Establishment of a national accreditation system for training providers;
- Availability of transparent information about everything from access to credit and repayment requirements to quality of education providers;
- Number of collaborative program activities completed jointly by the Ministries of Labor and Education;
- Number of schools and classrooms linked to the business sector, resulting in student-business contacts such as school-to-work programs, internships, apprenticeships, field trips and site visits;
- Number of industries with some form of skill standards;
- Number of training providers incorporating skill standards into their curriculum;
- Number of training providers that collect and publish information on the job placements of their graduates;
- Number of students completing training programs.

Additional benchmarks might include measures for productive participation, such as family income, number of hours worked, contribution to tax base (micro-enterprises are terrific but do not increase a country's tax base so it can never get out of dependency), improved health, lower birth rates and improved environmental impacts (such as burning less wood for fuel).

## 5. Other Promising Investment Opportunities

The most promising investment opportunities in workforce development have to do with developing systems and capacity for delivering transparent and accessible *information*. Information is needed on the quality and availability of training and education programs, rates of successful job placements, occupational and skill standards, supply and demand in the labor market, and the availability of resources such as credit and links to world markets. Many of these ideas are captured in the list below, from our previous work in the *Analytic Study* of the *Compass to Workforce Development*.

1. Occupational standards: Supporting the development of occupational training standards and accreditation;
2. Training markets: Building training markets by promoting consumer choice and firm competition, and diversifying supply;
3. Financing mix: Ensuring a financing mix for training between the public sector, private firms, and individuals to encourage responsiveness and multiple accountabilities;
4. Information: Providing labor market and employment information;
5. Linkages: (1) Linking different donor investments and projects to each other in order to leverage resources and minimize duplication; (2) Strengthening linkages between primary & secondary education and the workplace. Focus on skills acquisition and application;
6. Labor policy: Constructing a labor policy that provides a safety net for both rural and informal workers, that supports collective bargaining, that is open to everyone, and avoids biases that favor relatively well-off workers;
7. Trade & capital: Supporting policies which open trade opportunities, lower tariffs, and attract capital investments;
8. Informal sector: Supporting the informal sector, which constitutes a huge sector of the economy in many developing countries;
9. Vulnerable populations: Protecting the vulnerable: women, youth, minorities, elderly;
10. Working conditions: Ensuring decent working conditions for all.

A wide range of activities suggest themselves based on the above list, including:

- workshops
- policy information and guidance
- sectoral assessments and studies
- women's business development
- micro-enterprise and small business creation
- technical advice regarding workforce training standards and skills profiles

- studies of best practice in creating public-private partnerships
- institutional capacity building in the public sector

**6. Creating links in the donor community**

One of the encouraging outcomes of this project is a new link between USAID and the British Commonwealth Fund, resulting in the co-funding of the Namibia workshop. In our experience, however, this kind of link is the exception rather than the rule. Donors in Peru, Namibia and India rarely seemed to coordinate or be aware of each other's activities. Linkages among donors would add value to investments in workforce development. For example, if a donor such as the European Community invests in turning laid-off government workers in Ghana into successful entrepreneurs, it would make sense for USAID to provide such budding entrepreneurs with linkages to entrepreneurship schools and perhaps set up a community college partnership around entrepreneurship skills between Ghana and the U.S.

# Workshop Reports

# PERU WORKSHOP REPORT

**Capacitación Laboral 2000 / Workforce Development 2000**

***July 21-22, 1997***

***Lima, Peru***

## Workshop Summary

The EDC/USAID Workshop on Workforce Development took place on June 22-23, 1997. The purpose of the workshop was to start a conversation among Peruvian leaders – business, government, education & training, labor, and NGO's – about what it would take for them to have a successful workforce development system. The workshop addressed the question: *"If Peru is to significantly increase its share of high value-added exports, what skills and knowledge will its workforce need in the coming years, and what public-private partnerships are most suited to producing them?"*

Over 140 participants from key sectors of Peruvian society interacted with experts from Chile, the Czech Republic, Germany, Malaysia, Peru, South Africa and the United States. For the first time in memory the ministries of Labor and Education pledged to work together to develop Peru's workforce. At the end, over forty participants committed themselves to forming an organization dedicated to promoting and coordinating the national workforce development agenda. The organization has now been formed and is called FOPECAL (*Foro Peru de Capacitación Laboral*, or *The Peruvian Forum on Workforce Development*).

| Overview of the Workshop Agenda | |
|---|---|
| **July 21, 1997** | **July 22, 1997** |
| Morning:<br>1. Inauguration by the Minister of Education and other dignitaries<br>2. Panel presentation by international experts in workforce development<br>Afternoon:<br>3. Presentations by the Ministry of Labor and the Ministry of Education on national strategies in workforce development<br>4. Working Group Meetings: Agri-Business, Textile and Leather industries<br>Dinner Reception | Morning:<br>5. Presentations by local experts on workforce opportunities & challenges in Peru<br>6. Strategies for success: comments by international experts<br>Afternoon:<br>7. Working Group Meetings: Agri-Business, Textile and Leather industries<br>8. Plenary Meeting: Accomplishments of the Working Groups and of the workshop<br>9. A Call To Action: The founding of an NGO on workforce development<br>10. Closing Address |

## DAY ONE

### I. Inauguration by the Minister of Education and other dignitaries

The President of the National Industries Association (SNI, which stands for the *Sociedad Nacional de Industrias*), Eduardo Farah, opened the Workshop. He welcomed the international and Peruvian participants, thanked the sponsors, and emphasized SNI's historic and continuing commitment to increasing the skills and living standards of the Peruvian workforce. Mr. Farah was scheduled to be followed by the Vice-President of Peru, Ing. Ricardo Marquez, but Mr. Marquez was unable to attend the Workshop due to a case of laryngitis.

USAID's Emily Vargas-Baron followed Mr. Farah. She welcomed all of the participants to the Workshop on behalf of USAID. She discussed USAID's initiative in workforce development as a critical component of its campaign for sustainable development. Ms. Vargas Baron was followed by Mr. Donald Boyd, the Director of the USAID Mission in Peru. Mr. Boyd emphasized the USAID's commitment to development through training and education in Peru.

The final welcoming address was given by Peru's Minister of Education, Ing. Domingo Palermo. Ing. Palermo emphasized the importance of not only increasing the quality and accessibility of Peruvian education but also making it more responsive to the needs of Peruvian business. He discussed a pilot program involving the institution of a two year *bachillerato* following secondary school that is devoted entirely to job skills training and training for self-employment.

### II. Panel presentation by international experts in workforce development

Following a brief recess, a panel of international experts from Chile, the Czech Republic, Germany, Malaysia, Peru, South Africa and the United States made presentations and responded to questions from the audience. Mr. Boonler Somchit, director of the Penang Skills Development Center in Malaysia, described his program. He spoke of its unique structure in which corporations pool their resources to provide demand driven, high quality skills training at a reduced cost. He described how it is largely self-financed through course and member fees that are supplemented by in-kind contributions from government and industry.

Mr. Somchit was followed by Monika Aring, Director of EDC's Center for Workforce Development and an expert of the German Dual System. She described the dual system by drawing an analogy to a quilt that is constructed with a piece from all of the participants in the system: (a) employers who invest many thousands of dollars a year in training costs; (b) the German States, who pay for the school component of training and the various support services that are available to everyone in the system; and (c) the students who forego possibly higher wages in other countries in exchange for training and education.

Next, Ms. Nils Pazos described the Chile Joven program, a national training system for entry into basic manufacturing and service sectors. She described how Chile Joven uses government incentives to develop a demand-driven private-sector market for education and training by linking the training directly to employers, trainers, local labor offices and an inter-ministerial coordinating body. She also discussed the many quality control procedures that are in place, both to directly monitor the quality of training in the workplace and to track quantitative indicators of the program's overall success.

Dr. Miroslava Kopicova then described the Czech Republic's National Training Fund, a funding organization that provides support for management training for newly privatized and privatizing companies. She focused on the Fund's experience and expertise on training trainers, its extensive coordination with government ministries, and its expansion into other training areas beyond management, such as assisting with the development of the country's vocational and technical education system.

Dr. Eduardo Padrón from Miami-Dade Community College in the United States then took the stage. He described the institution of the community college in the United States, why community colleges were developed and their increasingly important role in the nation's human capacity development strategy. He also discussed the college's high degree of interaction and partnership with the local business community.

Following a brief coffee break, Ms. Linda De Vries described South Africa's Western Cape Workers College, a post-secondary school and trade union partnership offering short and medium term skills upgrading in a variety of industries, as well as democracy building skills. She described the reasons the college was founded and the many obstacles that it faced at the outset. Ms. de Vries enhanced her presentation through the use of dramatic picture slides. Finally, she described the college's worker-centered curriculum design and the key role of unions in shaping the curriculum and ensuring that leadership and democracy building skills are included.

The final international expert was Ing. Guillermo Salas Donohue of Peru's SENATI, a national training system to develop basic manufacturing industry skills.

*Presentation by EDC: Common Characteristics of Successful Workforce Development Programs*

Monika Aring, Director of EDC's Center for Workforce Development, delivered a welcoming speech in Spanish on behalf of EDC. She then briefly described EDC and the Center for Workforce Development in particular. She went on to list and describe what EDC's research has shown to be nine common characteristics of successful workforce development programs: (1) leadership and accountability, (2) demand-driven design, (3) open access; (4) portability of skills, (5) continuous improvement, (6) public-private partnerships, (7) sustainable financing, (8) replicability, and (9) positive economic and social impact.

## III. Presentations by Ms. Laura Costa from the Ministry of Education and Dr. Gustavo Yamada from the Ministry of Education on national strategies in workforce development

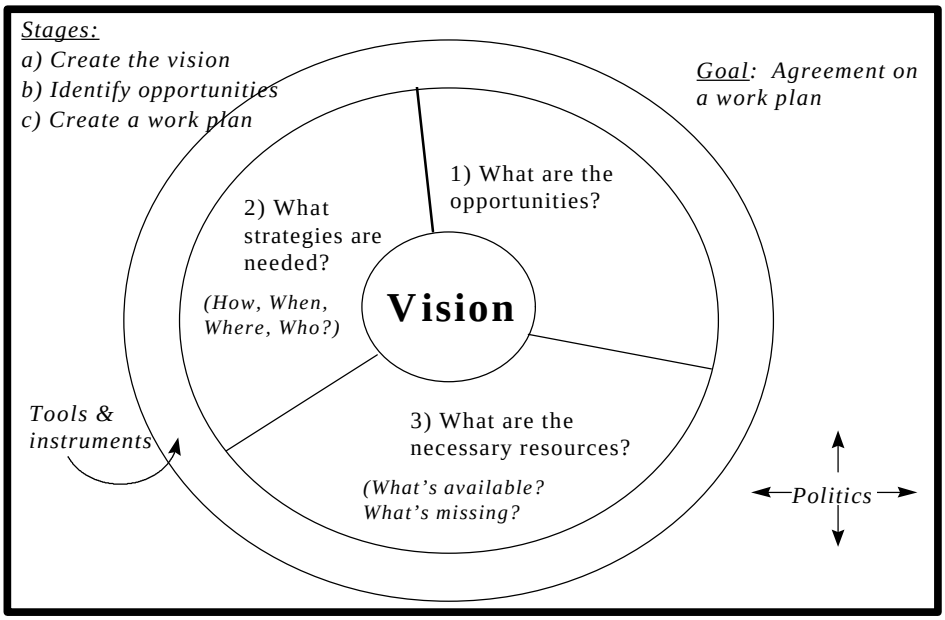
In this highly interactive and informative sessions, the representatives from both ministries pledged to work together to achieve common goals for the first time in either of their memories. Specific topics addressed by Ms. Costa included (1) a description of the ongoing massive skill standards development being undertaken by the Ministry of Education, (2) the need for more workshops such as this one to bring business people, the Ministries of Education and Labor and international donors to the same table -- SENATI is itself an example of such multi-stakeholder collaboration, and (3) the possibility of establishing public sector institutes that are committed to both excellence and accessibility (including rural, multi-lingual areas) in skills training.

Specific topics addressed by Dr. Yamada included (1) the need to "knock on the door" and directly communicate with employers about the types of competencies they expect to need from workers in the coming years, and (2) the need for greater transparency and information in the market regarding the quality, prices and relevancy of the many training programs that exist throughout Peru.

## IV. Working Group Meetings: Agri-Business, Textile and Leather industries

These meetings, led by facilitators, focused on developing a vision for what is possible to achieve in the area of skills training in each of the three business sectors. After creating a vision, participants then identified opportunities, strategies, and available resources, leading eventually to the formation of a work plan. Each of these sessions was led by a facilitator. The structure of the sessions is captured by the diagram below:

***Figure 1: SCHEMATIC USED BY THE WORKING GROUPS TO DEVELOP A VISION AND WORK PLAN.*** *After aligning behind a common vision, workshop participants divided into industry groups in order to determine the opportunities(1), identify strategies (2) and resources (3), and agree on a work plan with specific milestones for which each individual could be held accountable.*




**DAY TWO**

**V. Presentations by local experts on workforce opportunities & challenges in Peru**

**<u>Mr. Benjamin Jarufe, Programa Bolivar</u>:** Programa Bolivar (PB) is a program within SNI whose objective is to promote strategic alliances between training institutions, trade associations, the government, university-based training programs, and economic associations such as SNI and CONFIEP. PB's support to training institutes can be roughly divided between technical assistance and institutional assistance. Technical assistance includes (a) supplemental training in technical skills in coordination with existing institutes, (b) diagnostic studies and planning assistance for micro-enterprise development initiatives, and (c) supplemental training in micro-enterprise skills in coordination with existing institutes. Institutional assistance includes (a) improving coordination between the Ministry of Labor and training institutes, (b) workshops and seminars on specific topics, and (c) implementation of pilot projects to demonstrate best practices in administration. PB also has many programs to promote opportunities for the participation of women throughout the labor force.

**<u>Dr. Maximo Vega Centeno, Prof. de Economia de la Pontificia Universidad Catolica</u>:** The urgent challenges in workforce development include the creation of skill standards, the valuation of abilities and the creation of proper attitudes conducive to productive work. The

technical requirements for employment are becoming more and more complex. Demand-driven training should be our first priority.

**Mr. Francisco Martinotti, National Coordinator, National Program of Small and Microenterprises (MITINCI):** Mr. Martinotti described his program, which trains micro-entrepreneurs in the skills and discipline required to run one's own business. Small businesses (fewer than 20 workers) comprise 97% of Peruvian businesses. MITINCI has developed programs in seven locations throughout Peru.

**Mr. Juan Carlos Ramirez, Proyecto Reconversion Laboral (BID-ESAN):** This project is financed through a $6 million grant from the BID and a $2 million grant from the FOMIN Foundation. BID-ESAN has two principal objectives: (1) increasing the marketability of its trainees and (2) replicability of programming. The program provides a $600 (U.S.) stipend for job training. BID-ESAN is a good example of the fostering of communication between the demand and supply sides of the labor market, as the program consults with prospective employers prior to training. A central philosophy is emphasizing to the trainee the benefits of an increased standard of living that flow from participation in the program. BID-ESAN provides management assistance in the form of legal and financial assistance. It also provides direct assistance for dependent (not self) employment in the form of technical courses.

**Jose Garcia Tena, Director of the Government of Spain's OIT Project:** Demand-driven training is essential to maintain competitiveness and productivity. There are 2 basic models: (1) Unregulated (Germany and Great Britain) no legal obligation or financial incentive for employers to provide training, and (2) Regulated (France, Italy, Spain). Deficiencies with a regulated system include disproportionate benefits to larger businesses as well as greater opportunities for people who already have skills. To have a successful regulated system it is necessary to have the buy-in of all relevant stakeholders as well as formal accords between workers and employers at both firm-specific and sectoral levels.

**Ing. Magdalena Pajardo de Sabarain, Executive Secretary for International Technical Cooperation, Ministry of the Presidency:** The office of international technical cooperation works with the Foreign and Economy and Finance ministries, and increasingly with the private sector, reflecting the global and multi-stakeholder interest in workforce development. A problem is that actions in the field of workforce development are often determined by whatever the needs of the moment happen to be. Right now the programs that are bucking this trend, that is, developing programs that are sustainable over time, are getting more and more of the funding. These types of workshops are enormously helpful in terms of transmitting knowledge to her organization.

**Mr. Henry Harman, General Manager, IPAE:** Delivered a three part presentation: (1) a diagnosis of Peruvian education, (2) challenges, and (3) solutions. Diagnosis: Too much of education expenditures (below that of Latin American counterparts) are spent on administration. Many teachers have no degree, 90% of students are without books, and many schools have no electricity. However, there is very low illiteracy. Challenges: (a) to increase the quality of education by increasing teacher education, modernizing the curriculum, providing

more didactic materials, increasing the use of technology, and enhancing the physical infrastructure; (b) to decentralize the management of schools by giving schools more budgeting and other governing flexibility and devolving more authority to municipalities. Solutions: Give principles the power they need, study social problems and feed solutions back into curriculum, and increase training for administrators as well as teachers.

**Mr. Henderson Tamayo, General Manager, INPET:** INPET is a micro-credit organization providing working capital and technical assistance to microenterprises in the textile industry. Its research has found the following weaknesses prevalent in textile microenterprises: (1) a small number of workers - low volume, (2) a lack of managerial as well as technical capacity, and (3) client complaints of high prices, little innovation and low quality. Solutions proposed by Mr. Tamayo: (1) a rigorous evaluation and classification of SME's according to size, degree of capitalization, experience, accounts receivable/payable, etc.), (2) greater vertical integration among micro-enterprises in order to increase efficiency through specialization, (3) the formation of buying consortia to increase market power, (4) an increased willingness to serve as sub-contractors to larger companies as a means of technology transfer, (5) rigorous and rapid training of both owners and workers in soft skills financial management, workplace and time management, and cost control, (6) an influencing of the political environment to foster inter-institutional cooperation on workforce development issues, and (7) efforts to work with local governments to develop local solutions to local problems. Mr. Tamayo also added at the end that replicability is very important.

**Mr. Cesar Corrales, Director of Specialization Courses, Pontificia Universidad Catolica:** Problems with many training programs - High attrition rates, saturated markets, lack of niches (too much overlap), trainers are not trained in substantive areas, and lack of communication between employers and universities. Mr. Corrales' solution - Creation of institutes within universities organized by industry sector. (Features include: continuous training, the use of the latest technology, student alumni networks, intra-business training programs, links with national and especially municipal governments, development of trainers within businesses more active work-based learning, soft skills, and distance learning)

*Conclusions from Question and Answer Session*

1. Need for greater communication between training institutes, trainees, and employers.
2. To get multi-stakeholder buy-in, need accord and "co-responsibility, for training between workers and employers." The method of financing can vary from sector to sector and even from company to company.
3. Need to research both sides of the labor market to develop skill standards.
4. Important to focus training on sectors that are expanding.
5. Micro-enterprises are conducive to development in some but not all sectors. They should complement those other sectors through subcontracting and other arrangements that exploit firms' comparative advantage.

## VI. Strategies for success: comments by international experts

1. Government has to use its prestige and resources to facilitate an effective workforce development system.
2. Need a strategic vision for the country, with a short, medium and long range plan. Need a white paper or a cabinet paper that is the product of multi-stakeholder input (i.e., industry, government, academia. No one should be left out.)
3. Need to establish a "training culture" within the population. Need to establish a "learning organization at the state level."
4. Need one strong coordinating body with the requisite expertise, with all key stakeholders, a kind of "national discussion."
5. Need to establish strong links with international organizations dedicated to workforce development.

*Conclusions from Question & Answer Session*

1. Important to benchmark around the world for best practices in teacher training.
2. Example of Malaysia: Malaysia invited the MNC's to invest in the country. It offered cheap labor in exchange for technology transfer coupled with training. A 1991 government paper had nine major recommendations in the area of human resources development. In addition, there is a favorable incentive structure for training in Malaysia. There is a double tax deduction for training expenses. Training institutes are 100% exempt from taxes. Training equipment is also 100% exempt. The new multi-media supercorridor (15 x 15 miles wide) offers tax free investments to high tech companies who invest in Malaysia.
3. Important to make teachers specialists in new technologies and information systems.
4. A lesson to be learned from community colleges in the United States is the importance of flexible course scheduling to allow for work schedules and familial obligations.

## VII. Working Group Meetings: Agri-Business, Textile and Leather industries

This was a continuation of the Working Group meetings begun on the preceding day. See section four (IV) for a description.

## VIII. Plenary Meeting: Accomplishments of the Working Groups and of the Workshop

In this session, participants brainstormed the goals and priorities which surfaced during the workshop. These include:

1. Establish milestones that can be translated into concrete programs such as ProJoven.
2. Establish long term vision for the country.
3. Identify necessary actions to make programs last inter-generationally.

4. Need to assemble a highly qualified group to develop a sector-by-sector long term strategy.
5. Establish a national awareness of the importance of human capacity development.
6. Government should foster inter-institutional coordination.
7. Need to develop short, medium and long term workforce development strategy.
8. Training must be complemented by formal education.
9. Need to form regional, departmental and local councils to deal with education and training.
10. Need to convene key stakeholders to develop a short term plan and create a mechanism for realizing it in the best way possible.
11. Need to support small and medium exporters.
12. The purpose of this workshop is to create a forum for convening key stakeholders, putting a plan into place and creating a forum for realizing that plan.
13. Focus attention on the sectors that are most in need.
14. Look for ways to reduce training costs by eliminating unnecessary overlaps and competition between educational/training institutions, and use the savings to invest in new sectors and improvement programs.
15. Call to invite all Workshop participants to form a representative group (Consejo Coordinador).
16. SENATI has offered its support and use of the Latin American Exchange Network, which was created in a Workshop organized by SENATI.
17. Proposal to add the word "National" to the name of the entity to be created in order to embrace all sectors of society, both public and private.

*Report from the Agri-business Working Group*

1. Need for long-term strategic vision for country.
2. Need to establish a national forum for agri-business, to identify needs. As an initial step, form a commission, led by SNI, to invite specialists to organize this forum.

*Report from the Textile Working Group*

1. Presentation of a slogan and a logo for this sector: "Peru, weaving with quality for the World."
2. Need to look for mechanisms that permit access to improved technology, information, training and education as well as concrete policies.
3. Proposal to create a national textile council, which would be inter-sectoral and inter-institutional focusing on workforce development and increased productivity.
4. Need to perform diagnosis for training needs in the textile industry.
5. Proposal to create a center of excellence in technological training at SNI, working with existing training/educational institutions (CEO, universities, institutes)

*Report from the Leather/Footwear Working Group*

1. Recognize the limitations of the sector: Peru is not a livestock country; there is a lot of competition from leather imports.
2. Focus training efforts on management, which will enable Peru to catch up to other countries.
3. Identify the principle market opportunities for leather in Peru: casual footwear safety footwear and footwear for ecotourism.
4. Aim to create a culture of quality in both production and in services.
5. Aim to have the latest in technology and production methods.
6. Aim for improvement in inputs, design, processes and costs.

One final proposal concerned the name of the organization to be created at the Workshop: "Coordinating Commission of Workforce Development 2000." This commission will involve the ministries of Labor, Industry and Education as well as business people, SNI, PYMES, universities, institutes, CEO's and SENATI.

## IX. A Call To Action: the founding of an NGO on workforce development

During this extraordinary plenary session, forty participants stood up and proclaimed their commitment to be the founding members of a national organization dedicated to advancing the many issues identified in this workshop.

These individuals have subsequently founded FOPECAL (*Foro Peru de Capacitación Laboral,* or *The Peruvian Forum on Workforce Development*), whose members now include the Ministry of Labor, the Ministry of Education, numerous schools, universities, NGOs, and industry groups.

## X. Closing Address from Dr. Gustavo Yamada, Vice Minister of Labor

1. Dr. Yamada praised the initiative of the organizations that organized the Workshop, which has given rise to new forms of interface between the public and private sectors with respect to the issue of workforce development.
2. He stated his pride that one of the EDC/USAID best practice cases, SENATI, was Peruvian, despite all of Peru's problems.
3. A macroeconomic workforce development strategy is a principal motor for development in many countries.
4. The use of terms such as globalization and competitiveness are a form of unifying efforts for a country's development strategy. "Employability" should be added to the list as well.
5. Today there are no jobs that guarantee employment for life. People must adjust to possible changes in firms as well as in sectors and always remain "employable." This can be accomplished through continuous training.

6. Training should not be given only once in life, before entering the job market. Rather it should be renewed at periodic intervals according to the requirements of the job market in order to maintain the worker's employability.
7. Need for a permanent dialogue on workforce development between the public, private and non-profit sectors.

On behalf of the Minister of Labor, Dr. Yamada offered his salute to the creation of the National Workforce Development Forum, requesting that the ministries act to complement its workforce development work, especially those ministries charged with national productivity.

# NAMIBIA WORKSHOP REPORT

**Capacity 2000 Plus: Competency-Based Community Skills Development**

***September 23-25, 1997***

***Windhoek, Namibia***

## Workshop Summary

EDC's Center for Workforce Development, together with USAID and the Namibian Ministry of Higher Education, Vocational Training, Science and Technology organized a three day workshop in Namibia on Competency-Based Community Skills Development, September 23-25, 1997. The Goal of the conference was to share and create knowledge of how to generate and improve competency based skills training at the community level. Specific objectives included:

- Sharing relevant Namibian and International experience on community initiatives aimed at competency based learning and training programs.
- Identifying how some characteristics of successful programs worldwide may be incorporated into initiatives in Namibia.
- Developing the Namibian vision of a Foundation; its nature and functions.
- Promoting technical support to community skills training programs.
- Mobilizing resources for community based skills training programs.

One of the most striking accomplishments was the formation of an Advisory Council to continue to guide and develop the initiatives of the workshop. Of the approximately 120 people who attended, 50 Namibian and international participants signed up for the Advisory Council. This group will continue to work with the Ministry of Higher Education to develop Community Skills Development Centers (*COSDECs*) in five pilot regions, and to develop a Foundation to help channel funds from the Namibian government and the international donor community directly into skills training initiatives.

International participants from Ghana, Senegal, Egypt, South Africa and India also added richly to the program, offering numerous ideas to incorporate into Namibian programs. Some ideas which received particular attention were the development of microcredit programs that achieve loan payback rates of more than 98%; program models which encourage production at an individual level, but marketing at a group level; and the approach of involving multiple stakeholders in community programs, including village "chiefs" and religious leaders.

**Overview of the Workshop Agenda**

**September 23, 1997**

1. Inaugural Address by Honorable Minister Nahas Angula
2. Keynote Address by Dr. Ester Ocloo
3. Session One: Namibian Experience in Providing Competency-Based Skills Training
   a) Testimonials
   b) Panel Discussion of Namibian Experience
   c) Definition Of Competency Based Training/Learning
4. Session Two: International Experience in Providing Competency Based Skill Training
   a) Biovillage: Concept to Reality - Dr. Hopper
   b) Panel Discussion of International Experience

**September 24, 1997**

5. Session Three: Common Characteristics of Successful Workforce Development Programmes
   a) Address
   b) International Panel Response
   c) Small Group
   d) Strategies for Successful Programs: Dr. Laila Gad
6. Session Four: Essential Components and Strategies of Successful Programs
   a) Reports of the Working Groups

**September 25, 1997**

7. Testimonials from two participants of local credit schemes
8. The Vision, Purpose and Design of a Foundation: Discussion with the Honorable Minister Nahas Angula
9. Address by Prof. Mehl, Independent Development Trust, RSA
10. Session Five: Opportunities for Development Partners and Funding Agencies to Participate in the Initiative
11. Session Six: "The Role and Functions of a Foundation"
    a) Andrew Corbett, Legal Assistance Centre
12. Session Seven: Plenary Session, Summary of Findings, Recommendations, Proposed Follow up Action
13. Official Closing

## I. Inaugural Address by Honorable Minister Nahas Angula

The Minister welcomed all present. He thanked all the donors, as well as all the visitors who came from afar. The Minister's hopes for the conference are that people will learn and take the knowledge back to teach their colleagues and friends. He commented that the response to the many challenges facing Namibia should be a program of empowering individuals at the household level, in community settings and through economic opportunities. This empowerment should take place through skills development. The goal is to impart appropriate skills for personal growth, community development and

exploitation of economic opportunities. For this program to be meaningful and effective to individuals, it must be demand driven, community-managed and competency based.

Empowerment through skills development will take place in Community Skills Development Centres (COSDECs). These centers are envisaged to be community managed through COSDEC Boards linked together through a Foundation for Community Skills Development. Funding will come from a variety of sources: the government, private sector, development partners, donations, contributions by trainees, fund raising activities, etc. The NGO's are expected to provide technical support to COSDECs as part of a partnership for mutual support.

## II. Keynote Address by Dr. E. Ocloo, from the Sustainable End of Hunger Foundation, Ghana: *Competency Based Training -- An African Perspective*

Dr. Ocloo advocated a "bottom-up" system of planning, whereby priority attention is given to development of agriculture and cottage industries and heavy investment in human resources training. Special credit facilities, provision of technical assistance and access to market should also be made available. In short, African governments must come up with a policy supported by funds to launch a crash skill training program for all sectors of economic activities.

## III. Session One: *Namibian Experience in Providing Competency Based Skills Training*

A. Two testimonials by participants of a competency based skills training program

*1. Ambrosius !Haoseb, Public Relations Officer of Building Services cc.*

Ambrosius joined the Katutura Youth Enterprise Centre (KAYEC) in 1996. He learned both construction trade theory and construction trade practice, including enterprising skills such as pricing, costing, conversing with prospective clients and identifying work opportunities. After the course, Ambrosius's unit registered as a closed corporation, entered into a N$100 000 valued contract to erect a youth resource room, opened a corporate cheque account, and gained exposure globally by the managing director's participation in Berlin at a seminar. In short, Ambrosius gained confidence, competence, linkages and a number of other skills from the program.

*2. Miss. Aina Eichas: Daurub Uis (Translation)*

Ms. Eichas gained training in craftwork. She worked on photo frames and wall hangings and used local products from the mountain area. She now trains other people in business skills and helps with bookkeeping and other management tasks.

B. Panel Discussion on NGO's: Their involvement in training programs (Namibian)

*Moderator*: Mr. B. Hollick, Acting Dean, Polytechnic
*Panelists*: Ms. C. Amupanda, Training Manager, PSF, Dr. Uirab, Director, !Nara, Rev. M. Yates, KAYEC, Ms. B. Bock, Pahuka, Ms. B. Tripodi: NNCCI

*1. Ms. Amupanda: Private Sector Foundation (PSF)*

PSF was established in 1980. Its objectives are to create employment and reduce the inequalities in income distribution and eradicate poverty in Namibia by supporting the micro enterprises of clients who are of a disadvantaged group and women at the grass roots level. PSF runs both micro-enterprise training and revolving credit programs.

*2. Dr. Uirab, Director, !Nara*

(Named after the !Nara plant that thrives in the harsh conditions of the Namibian desert, thus symbolising the resolve of the organisation towards sustainable development) The main purpose of !Nara is to train development promoters from local NGOs and CBOs and offer consultancy services to government and international agencies in participatory methodologies. The goal is to build the human resource capacities of local development partners throughout Namibia to reduce social ignorance and unemployment towards the alleviation of rural poverty.

*3. Ms. B. Tripodi, NNCCI (Namibia Nat'l Chamber of Commerce & Industry)*

NNCCI is a nationwide business organisation whose mission is to promote prosperity for all Namibians by ensuring balanced private sector growth, enterprise development and global competitiveness. Its aim is to unite the private sector in Namibia under one voice and provide it with an interface with government and authorities. NNCCI's core values include, among others, (1) focusing on small business and empowerment as the engine for the creation of local wealth and employment, and (2) encouraging local economic competitiveness through the promotion and capacity building of local organised business communities. NNCCI organises training seminars and workshops that are designed to assist both entrepreneurs and seasoned business personalities to develop their skills in the competitive business world emerging in Namibia.

*4. NGO's: Their role in Training by Rev. Yates: KAYEC*

KAYEC's main purpose is to address the general lack of opportunity that school leavers face, e.g. high unemployment. It targets 15 – 30 year old unemployed people, especially women. KAYEC helps young people become more enterprising by creating and building a culture of entrepreneurs opposed to a culture of entitlement. There are 5 units: Employment

Preparation, Life skills, Small/Micro-enterprise (SME), Community Enterprises and Vocational Training. KAYEC integrates skills training with exposure to the competitive commercial environment.

*5. Ms. Bock - Pahuka*

Pahuka means open your eyes and is funded by Care Austria. Its objective is the enhancement of entrepreneurial social development of the SME community of the Kavango Region of Namibia in order to achieve the goal of greater economic motivation and determination through: (1) a multi-disciplinary and sustainable training system for existing and potential entrepreneurs of the region, and (2) a gender-sensitive disciplinary and sustainable training system for existing and potential entrepreneurs of the region. The main beneficiaries are existing and potential entrepreneurs who have skills and entrepreneurial traits that can be developed and utilised to promote the development of SME's.

*6. Questions & answers*

The questions and responses covered numerous issues ranging from access to programs, the transition from traditional to competency based training, basic education, language skills, communication and conceptualization skills, and the practicality of a government-administered revolving fund loan scheme.

## C. Definition Of Competency Based Training/Learning

*Simple Definition*: (1) learning by doing, (2) acquiring hands-on skills that can be measured through performance.

*Detailed Definition*: (1) developed in consultation with stakeholders, thereby learning is driven by demand and is also the responsibility of the learners, (2) consists of curriculum training programs that deal with appropriate content for skills and attitude building, (3) insists on mastery at one level to move to another, (4) assists individuals through chosen developmental stages towards specific target for sustainable livelihoods, (5) results in formal or informal economic activity.

## IV. Session Two: International Experience in Providing Competency Based Skill Training

A. Biovillages: Concept To Reality, A Pro-Nature, Pro-Poor, Pro-Women Development Paradigm to Sustainable Agriculture and Rural Development" By R.S. S. Hopper, K.N.N.S. M.S. Swaminathan Foundation (Coordinator, Adviser, Chairman)

Biovillage is a pro-nature, pro-poor and pro-women development paradigm. It seeks sustainable agriculture and rural development by concurrently attempting to mitigate the twin development concerns of the present times, i.e., (1) the creeping degradation of the resource base, and (2) the persistence of rural poverty, through technologies and interventions which are ecologically compatible, economically viable and socially equitable. The former concern is addressed through fostering integrated resource management systems of both the biophysical resources (land, water and natural vegetation) and the human resources to which the rural households have access individually (farm households) and communally (Common Property Resources). The latter concern is addressed through technological empowerment whereby the resource-poor are enabled to translate technology into employment and income generating production activities that add value to their principal assets, labour and time. Technological empowerment of the resource poor is an integrated process involving: (1) identification of location specific technologies which are environmentally compatible, economically viable and socially equitable, (2) testing and adapting them to specific socio-economic conditions, (3) internalising the technologies through on-production line training, (4) enabling them to translate the technologies into income and employment generation by accessing the participants to credit institutions, (5) facilitating by providing infrastructure support for ensuring the supply of inputs and the marketing of outputs, and (6) fostering and institutionalising collective action by organising socially cohesive groups to sustain the enterprises.

*Questions & Answers:*

The questions and responses covered several issues ranging from cascade training, the time lag for acceptance of new technology, and the need to develop a viable model for replication.

B. Panel discussion

*Panelists:* Tapius Vengai: MWENZ: Development Training Center, Zimbabwe, Antony Trowbridge: Centre for Lifelong learning, South Africa, Dunwell Eku: EMPRETEC, Ghana, Ibnor Gaye: AGETIP, Senegal, Wilbert Tengey: African Center for Human Development, Ghana, Linda de Vries: Workers College, RSA

*1. Workers College: Western Cape South Africa by Linda de Vries*

The College strives to consolidate and build working class leadership in the union movement and thereby empower other workers. A legacy of apartheid education is a lack of skills and knowledge crucial to effective leadership. The College aims to: (1) provide advanced educational opportunities for students selected annually from participating trade unions, (2) develop the personal skills needed to work collectively to build democratic organisation and to empower others, (3) initiate or support changes at existing educational institutions toward developing accessible education for workers, and (4) ensure that the College falls under the control and guidance of the labour movement.

*2. AGETIP (Senegal), by Mr. Ibnu Anas Gaye*

AGETIP is an agency with private legal status to implement a public works and employment program. Its main objectives are to create temporary new jobs in urban and peri-urban cities, increase the capacity of the construction industry, demonstrate the feasibility of the approach, to invest in economically and socially useful sub-projects through transparency, efficiency and cost-effectiveness. The program attempts to mitigate the effects of the adjustment program on the economy as a whole and on youth and the urban poor in particular. AGETIP thus seeks to create substantial new employment as rapidly as possible, improve the individual skills of participating, improve the corporate competitiveness of the participating firms, demonstrate the feasibility of labour-intensive projects, test the procedures that will enable the public sector to commission such projects, and undertake sub projects that are economically and socially useful. Mr. Gaye concluded with a discussion of the financing of the project.

*3. Mwenezi Development Training Centre, Zimbabwe, by Tapiwanashe Vengai*

The Mwenezi Development Training Centre (MDTC) empowers rural dwellers with self-employment skills. The MDTC on-site training approach emphasizes relevance, closeness, appropriateness and immediate results. Trainers are multi-disciplinary community workers who not only have technical know how but also have business advisory skills. The follow-up and support services program ensures the use of skills acquired by trainees. Importantly, the beneficiaries gain and maintain control over the development process.

*4. Center for Lifelong learning, South Africa, by Mr. Anthony Trowbridge*

CLL's Integrated Community Forum Programme originated from the need and desire of residents of informal housing settlements to attain greater self-reliance. It is their own institution for development training, leadership and management. The programme is an eight month process of self-discovery for all creatively active community organizations and their representatives. It is called integrated because it brings together the four major aspects of a community that are mutually supportive of the process of development namely : (1) a community development forum, (2) a community information centre, (3) a community learning centre, and (4) a community bank.

CLL's objectives are to: (1) help individuals uncover their own inner strengths and build greater self-worth and self-confidence by bringing people and organizations into an ubuntu / symbiotic relationship, establishing ethical values of mutual trust and respect, and extending the principles of democracy and citizenship, (2) improve community management development by identifying creatively active leaders and forming an acceptable Community Development Forum, (3) improve levels of communication and information sharing by establishing a multi-purpose Community Resource & Information centre, (4) to help communities undertake their own reconstruction and development by coordinating and promoting their own development projects, planning and implementing a community development strategy, and establishing a community capital investment fund, and (5) generate wealth and job creation by providing and improving skills and quality of decision-making, planning and project management, levels of cooperation, transparency and inter-personal relations, standards of presentation of projects and business plans for financing.

Mr. Trowbridge enumerated the relevance of the integrated community forum programme to the EDC/USAID nine 'best practices' principles. He then described the Private Sector Initiative [PSI], which was established to provide corporations involved in small business development with a vehicle to implement practical, locally-driven projects collectively in partnership with donor associations. Finally, he described the Community Information Centres (CIC's) that CLL has created, consisting of a computer data base that records all the human resources in the community.

*5. EMPRETEC (Ghana), by Mr. Dunwell Ekow Eku*

EMPRETEC Ghana Foundation's assistance is primarily targeted at SME's which clearly demonstrate growth potential, leading to increases in employment opportunities. It provides training to owners/managers to improve their entrepreneurial and functional management competencies and provides a wide range of consultancy and extension support services aimed at improving the operational efficiency and profitability of enterprises. The consultancy services and extension support provided include facilitating access to finance, technical expertise, technology and business linkages. EMPRETEC's main specialised training programs are: (1) entrepreneurship workshops, (2) management seminars & customised in-plant training, (3) seminars on strategies for achieving international business linkages, (4) enterprise creation workshops, (5) junior business seminars and (6) financial planning seminars (tools for reaching business growth).

*6. African Centre for Human Development (ACHD), by Wilbert Tengey*

ACHD defines competency-based skill training as "a process of transferring practical skills to and a change of attitude of an individual through a process of on-the-job and hands-on training, including apprenticeship geared towards effective performance and recognizable output." ACHD directly trains unskilled, unemployed people and enhances the skills and potential of specifically targeted existing business people to enable them to employ others. The target beneficiaries include unemployed rural and urban youths, street children and

children on the street, informal sector operatives requiring management support, i.e. - deployees, unemployed graduates. The centers have a priority focus on the construction sector, the tourism sector, and non-traditional exports. Some of the skills upgrading is done through a master apprentice who takes on clients for a number of years. Others are done by participation learning and practical demonstrations.

ACHD also offers job placement services, through which clients are linked to existing jobs by means of a data base, where information on needs within the various sectors is stored. There are also start-up, finance and marketing services to assist clients to obtain mini loans and micro credit, draw up business plans and help them access markets. Finally, there is a mentoring process which includes follow-up of all trainees in order to identify those who desire on-going assistance, and on-going business counseling to identify ex-trainers and link consultants with small businesses.

*ACHD's Challenges And Lessons Learnt*

a) There has to be a change of attitude towards micro and small-scale businesses. They should be made to understand that business is business and not a welfare system. There should be strict rules of business management and conceptualization applied in order that the idea of "free for all" is eradicated.
b) There are different categories of entrepreneurs who will need different levels of assistance in the training programs. It is clear that those in the micro-sector, unemployed and jobless will need subsidized training. Others in the small, medium and large enterprises should be made to contribute a portion of the training costs.
c) Loans should be administered as such. It is the access to the loans not so much the cost which is the problem to micro-entrepreneurs. To reduce costs and increase the pay-back rate, a system should be devised where loans are made on short-term (weekly, monthly, quarterly) bases in order to reduce the interest cost.
d) It is important to discover the right persons to do the training. This is not easy. Although some people have the knowledge, they are not able to express themselves to others, especially micro or small entrepreneurs.
e) Our own attitudes as employment practitioners or change-agents have to change. If we keep on living in the past and give the apartheid or colonial situations as an excuse, very little will change. We should move forward and take charge of the situation. The paternalistic attitude we have towards the poor will not help them out of their situation. We need to be more open and understanding, yet assertive.
f) It is important to learn from the experiences of others, so that the same mistakes can be avoided. Once the experiences are known, the right lessons will be learnt.
g) There should be role models within the society in business and trade, that we should look up to. Ghana has Dr. Esther Ocloo to look up to and therefore she becomes an inspiration to all.
h) The competency based training Centers are not to replace the traditional vocational centers. They should be a supplement to what is already in the system. The training centers should be an informal response to critically needed community skills and act as a one-step-stop for development support.

i) There should be networking amongst various institutions to learn from each other. There is no need to re-invent the wheel. A situation where NGO's, the private sector and donors all share experiences in one place could be one such an experience.

*7. Questions & Answers:*

The questions and responses covered issues ranging from the training needs of disabled people, coordination among different NGO's, oversight from donors, multi-skilled trainers, reasons for the emphasis on women in development, open access to the contracts pursuant to which training is to take place, and encouraging the beneficiaries to take ownership of projects once they are launched.

## V. Session Three: Common characteristics of successful workforce development programs

A. Address: Poonam Ahluwalia and Scott Leland, Education Development Center

Education Development Center, Inc. (EDC) is an international, nonprofit, research and development organisation recognised as a leading center focusing on today's and tomorrow's challenges in education, health, technology, human rights and the environment. Targeting the intersecting worlds of education, employment, and community, EDC's Center for Workforce Development ("CWD") seeks to promote a system of lifelong learning that begins in the school and extends into the workplace. The CWD conducts worldwide research into best practices in workforce development and school-to-work initiatives, and collaborates with consortia of states and national associations to research high-performance learning in various workplaces. A central focus of its efforts involves creating national skills standards for industry and helping communities develop systems to meet those standards. The CWD also works to integrate industry standards with academic goals. In schools the CWD assists educators in helping students learn the higher-order thinking skills needed to participate fully at work and in their communities. In the workplace, the CWD helps organisations and companies become places in which teaching, learning, and ethical decision making are embedded in work practices. From setting up mentor training systems to building networks within and between workplaces, the CWD creates systems enabling workers at all career stages to reflect on their experience and learn from their colleagues.

Mr. Leland and Ms. Ahluwalia then discussed the Self-Employed Women's Association in India and Telecurso 2000 in Brazil to demonstrate the nine characteristics of a successful workforce development program. SEWA is a registered trade union of self-employed women who have organised to improve their skills through training, press for protection of their rights, and win further the acceptance of women's economic participation. Telecurso 2000 is an internationally recognized distance learning program which reaches populations throughout Brazil. Finally, Mr. Leland and Ms. Ahluwalia pointed out that

workforce development includes: vocational education & training, adult literacy, human capital investment, skills training, occupational standards, employer-based training, school-based training, reemployment, training the unemployed, and lifelong learning.

*What works: Characteristics of successful programs*

1. Leadership and accountability: Leadership that is visionary, that is held accountable to multiple stakeholders, and that encourages accountability internally;
2. Demand-driven design: Customer-driven learning tied to the domestic and international markets;
3. Open access: Transparent criteria for entry; special efforts made to recruit under-served populations and allocate resources to help them succeed; training opportunities that are flexible and that accommodate different needs;
4. Portable skills: Emphasis on skills that can be applied across geographic and occupational lines;
5. Continuous improvement: External and internal evaluations; informal improvement processes;
6. Public-private partnerships: Linking multiple stakeholders to leverage costs, promote innovation, and adapt to changing needs;
7. Sustainable financing: Demonstrating value to multiple investors over time; juggling the need to build a solid foundation against the pressure to show results and revenues;
8. Replicability: Recognized effectiveness of project; presence and commitment of stakeholders;
9. Economic and social impact: Demonstrated results in enabling learners to participate more fully in productive work; impact on family and community.

*Promising Strategies: Areas on which to focus additional resources*

1. Occupational standards: Supporting the development of occupational training standards and accreditation;
2. Training markets: Building training markets by promoting consumer choice and firm competition, and diversifying supply;
3. Financing mix: Ensuring a financing mix for training between the public sector, private firms, and individuals;
4. Information: Providing labor market and employment information;
5. Linkages: Linking different donor investments and projects in order to leverage resources; strengthening linkages between primary & secondary education and the workplace;
6. Leverage funds: Linking projects, schools, and the workplace; minimizing duplication of efforts;
7. Labor policy: Constructing a labor policy that provides a safety net for both rural and informal workers, that supports collective bargaining, is open to everyone, and avoids biases that favor relatively well-off workers;

8. Informal sector: Supporting the informal sector, which constitutes a huge sector of the economy in many developing countries;
9. Vulnerable populations: Protecting the vulnerable: women, youth, minorities, elderly;
10. Working conditions: Ensuring decent working conditions for all.

*Questions & Answers*

The questions and responses covered issues ranging from sustainability of financing, the growth of micro-enterprises, monitoring and evaluation of programs, necessary enabling legislation for programs, practical examples of public-private partnerships, determination of competency, examples of leadership, development in nomadic communities, and employer recognition of training programs.

B. International Panel Response: "Which of these nine characteristics are (or are not) incorporated into our projects?"

*Moderator:* Mr. Leland, EDC
*Panelists*: Mr. Gaye, AGETIP, Senegal, Mr. Eku, EMPRETEC, Ghana, Mr. Tonin, CISP, Ms. Keeja, IMLT

*1. Strategies Used By The Adult Skills Development For Self Employment (Asdse) For Implementation Of The Project, by Mr. Tonin, Cisp*

The idea of the Adult Skills Development for self-employment Project is based on the needs expressed by the learners of the National Literacy Program in Namibia (NLPN). The Directorate of Adult Basic Education has revealed that 35% of the Namibian adult population at the age of 15 and above is illiterate. One of the needs addressed was the establishment of income-generating projects or to start a Small Micro Enterprise (SME) activity to implement the newly acquired literacy skills.

*2. Characteristics Feedback, by Mr. Gaye (AGETIP) and Mr. Eku (EMPRETEC)*

Messrs. Gaye and Eku discussed the application of the EDC/USAID nine characteristics to their respective programs.

*3. Response to the EDC/USAID Characteristics, by Ms. P. Keeja (I.M.L.T.)*

Ms. Keeja ldiscussed how the EDC/USAID nine characteristics applied to I.M.L.T.

*4. Questions & Answers:*

The questions and responses covered issues ranging from demand driven curriculum development, public-private partnerships, cross-country replicability, whether to train in the local or national language, the issue of illiterate people who otherwise have skills, keeping business money from other family members, and establishing linkages with banks.

C. Small Group discussion feedback: How could any of the examples and experiences raised yesterday and today be applied in your work?

*The following notes were written on newsprint by each group and presented in the plenary session*

- *Group 1*: Common denomination in group – issue of poverty, the poor. How to improve revenue, jobs, attitudes. State should regulate this program. Cultural and regional differences have to be realised. Model from India could be useful in other countries also.
- *Group 2*: Community's needs and how different organisations should work in communities. For NGO's to be effective, they have to learn the culture of the community in order to come up with relevant projects. The needs to be networking amongst the NGO's. Lack of information in different communities regarding work performed by NGO's there. Language is important. Money given to communities has to be traced and monitored.
- *Group 3*: Marketing. Problems: transportation, communication, suggestions to enter into contracts with NGO's to purchase the tools after the training is done to be able to continue with crafts. Network by making use of empty vehicles going back from a trip. Set up data collection projects. Determine the needs of communities. Be flexible into seasons and years. Multi-production and review projects yearly.
- *Group 4*: Do not phase out existing structures – be careful of that. Use examples from Senegal and make them workable in Namibia. Teach people to be able to share skills learnt. Illustrated material must be used to help illiterate people. Recognise the previous experiences of people. How to share facilities? Determine which organisations have training facilities and/or empty workshops that can be utilised. Encourage partnership between state, NGO's. Intensify information campaign to coordinate training.

D. Social Fund For Development (SFD), by Dr. Laila Gad

The Social Fund for Development aims to deliver much needed assistance to its target population: the unemployed, the poor, new graduates and women in poverty in female-headed households. The SFD aims to improve the living conditions of the poor through financial assistance, technical assistance, and the upgrading of services that are of benefit to the target population. In addressing this overarching goal the Social Fund aims at the following: (1) facilitating the implementation of the economic reform and structural adjustment program, (2) mitigating the adverse effects of economic reform on vulnerable population groups, (3) strengthening Egypt's governmental and non-governmental

capacity to develop new social programs and upgrade existing ones, (4) mobilizing additional resources public investments for social services (health and education), (5) seeking local and international financial resources, (6) securing technical assistance, and (7) reinforcing the participation of ngos/pvos in the planning and implementation of development projects.

In the question and answer session, Dr. Gad emphasized the importance of a flexible system that delivers benefits quickly. She also warned of the difficulties of identifying the poorest part of the population and how to find it, and how to measure the impact of the projects that have been carried out by the social fund.

## VI. Session Four: Essential Components and Strategies of Successful Programs

### A. COSDECs: Report back from working groups: A summary

*Aim of the COSDECs:* To determine needed skills among our youth, school leavers and adults.

*Issues*
*The following notes were written on newsprint by each group and presented in the plenary session*

- Important to bring together the community and stakeholders involved. Needs should be put on the table in order to clarify them.
- Some members did not know about all the NGOs and COSDECs. Ask for a briefing about the COSDECs.
- Proper management is place for COSDECs. The manager should be out of the community and region – not outside. Surveys conducted in region to establish need.
- Partnership with current VTC's are already established – make use to help with programs in stead of establishing new COSDECs.
- Reports are available regarding the feasibility studies done on COSDECs
- Target markets must be identified through a feasibility study
- Committees in regions should be responsible for COSDECs
- Communities must be involved in deciding on the curriculum
- Use existing resources and facilities in the region
- A change of attitude must take place – take ownership of their projects
- Training opportunities must be mixed with job opportunities
- Parents of students should also be involved

*Action plan for COSDECs*

- There is a need for upgrading of management skills
- There is a need to be aware of the ethnic needs in the regions
- Evaluation – social studies should be done by people outside of the organisation
- Employ school leavers to obtain relevant skills to integrate into the community
- Need to generate own revenue
- Linked to professional training centres in the regions
- Serve as training centres for NGO's and employers within community
- Leadership & accountability: develop leadership within community to take forward COSDECs – government should not be too involved
- Trainers must come from local community – cross region skills training to facilitate mutual help
- COSDECs must also reach out to the region and not to the center in the region
- Quality of the products produced must be controlled
- Resources are available, so are the trainers – just need upgrading
- Partnership between government and COSDECs must be strengthened

*Strategies needed*

- Information campaign to regions regarding COSDEC
- Well skilled trainers available to provide people with demand driven training
- Draw up a legal frame work
- Plan to staff the COSDECs
- Continuously evaluate trainers to ensure quality

*Resources needed*

- Credit facilities available to enable trained people to start own businesses
- Government should fund the centres & pay trainers
- Revolving credit fund must be linked to NGO's and not the government.
- Some resources, such as buildings, are already available

## VII. Testimonials of two participants of local credit schemes

Cynthia Shimming of Semwe Clothing Manufacturers, and Sofia Aukomoes of Young Namibians Interior Decorators each spoke of their experiences in local credit schemes.

## VIII. *The Vision, Purpose and Design of a Foundation*: Discussion with the Honourable Minister, Nahas Angula

Vision: Underdevelopment must be addressed in a multifaceted approach. It is expected from government to narrow the gap between incomes, to reduce the crime rate and to increase employment. The Foundation must be the cutting edge in promoting and

achieving goals. The Foundation is an association not for gain. The Foundation should be associated with COSDECs and NGO's, private and public sectors and partners.

Purpose: The Foundation should be the place for info sharing, support to COSDECs, advisory services, advocacy in parliament and social marketing.

Design: Communities must be in charge and responsible for their own development. We know the limitations in communities and also know that they are not very likely to go far on their own. They need support. A Foundation can give such support. The Foundation should provide all services while the COSDEC centres should have autonomy. To achieve a balance, a Foundation is needed but should be thought of as an association and should not stifle community development. It should be an umbrella under which people can operate. The COSDECs should have a trust (board) to guide and promote activities at community level.

*Questions & Answers:*

The questions and responses covered issues ranging from the timing and legal requirements for establishing the Foundation, linking among organizations to avoid overlap, communication among ministries to avoid overlap, proper distribution of government funding, the structure of the COSDECs, internet opportunities, autonomy for the COSDECs, and the need for the Ministry to help distribute the Foundation's money.

## IX. Towards a new training and education paradigm: by Prof. Mehl, Independent Development Trust, RSA

Today the distinguishing feature between the "haves" and "the have nots" relates to the matter of "Intellectual Capital." This is true of individuals, as well as of nations. And of course, this is not surprising in the information-age in which the world now finds itself. It is no longer a matter of what a country has in its mines: whether gold or diamonds, etc. It is more what we can develop and extract from the minds of the people in that country. The central challenge of training and education today, could well be stated as the 3 Rs : (1) learn what is *relevant*, (2**)** learn far more *rapidly*, and (3) learn for *redistribution***.**

Today it is not simply a matter of employability, or of creating jobs. It is far more important for people to be part of the processes of wealth creation. This is true, not only of adults but also of children. Indeed, it is a lost opportunity to wait until a person has passed through education before we teach them the fundamentals of the creation of wealth or the establishment of their own small businesses. Redistribution will become a reality only when people in general are trained to access wealth and to create it rather than to hope for some welfare handouts. This is a fundamental challenge of education.

It is no use expecting an adult who is impoverished and lacking skills to go through the normal processes of education and training. For rapid training an outcomes based

educational environment is essential, where one can specify proper outcomes, which when reached, enable people to move on, to newer levels. This approach is often denigrated as lowering standards and producing automatons. This is patently untrue and depends more on the ingenuity of the training programme than on the nature of outcomes-based education. The other important component for producing rapid development related to outcomes is the importance of the recognition of prior learning. People through life accumulate huge levels of experience simply by the environment in which they operate. It is essential that this not only be recognised, but be incorporated into the learning path that is crafted for any adult to enable them to have training and education outcomes which are relevant to the real world in which they must operate.

For the above three factors to exist, it is essential that a country or a region enjoy the proper legislative framework which enables educators to create this environment. This involves: (1) appropriate standards for training and education, (2) national skill standards developed in conjunction with industry, (3) a requirement that all companies pay a percentage of payroll into a central fund which will be used for training according to national skills standards.

## X. Session Five: "Opportunities for Development Partners and Funding Agencies to Participate in the Initiative."

A. Panel Discussion

*Moderator:* Honourable Deputy Minister Buddy Wentworth
*Panelists:* Mr. Ed Spriggs, USAID, Mr. Lovasc, European Community, Mr. Stephen Adei,
UNDP, Mr. M. Mayer, GTZ, Ms. Elaine Moore, Oxfam Canada & UK
Ambassador Singh Haer; High Commissioner of India, Ms. Haitembu, NDC

*1. Ambassador Singh Haer; High Commissioner of India*

Ambassador Sing-Haer pointed out that solutions to problems should be found within the country because they have to be relevant to the country itself. Communities should be taught to be self-supportive and realise their own potential. Social problems can be overcome by teaching people skills relevant to their needs. Companies should become self-reliant and make use of the resources that are available in the country to support themselves. To achieve these we need a partnership between the people, government, NGO's and private sector. Everybody must stand together to achieve the same goal. India will extend scholarships for training related to development in Namibia.

*2. Mr. Stephen Adei, UNDP*

Mr. Adei stated that we are sitting on a time bomb that needs to be sorted out as soon as possible. Unemployment increases by 10000 people every year. A serious social problem has to be solved in an unconventional way and not through regular schooling. The government has not given the UNDP any support on their programs at supporting the poor. The attitude changes have to start at the government level and go right through the rest of the population. The potential for development and enhancement of people is there, it just has to be mined. Almost in any program introducing something new, attitudes count 85% skills count 15%. Over the next three years UNDP will be concentrating on poverty reduction, small scale enterprise development, decentralization and economic management.

*3. Ms. Haitembu, Namibia Development Corporation*

In order to effectively fulfill its mission to promote, develop and support all sectors of the Namibian economy for sustained economic growth and the economic empowerment of the people, especially previously disadvantaged groups, the NDC provides the following loans and financial assistance to existing or emerging businesses: (1) mini loans, (2) small enterprise term loans, (3) corporate term loans, (4) tender guarantees, (5) equity participation, (6) special loan schemes, (7) and the farmers' support program.

The NDC is also currently working on other financial schemes that will be available in the future. These schemes are more innovative in outlook and should lead to increased access to finance for Namibian people. These include: (1) a franchising scheme, (2) a credit guarantee scheme, (3) venture capital, (4) lease financing, and (5) wholesale financing.

In deciding whether to finance a business, NDC looks at the following development criteria: (1) creation of job opportunities for Namibians, (2) competitive import substitution, (3) export promotion, (4) refining and /or processing of local natural resources, (5) upgrading of services to local communities, (6) improvement of the standard of living, (7) betterment of the individual or group, (8) transfer of skills and technology, and (9) economic food production.

*4. Opportunities for Development Partners and funding Agencies to participate in the Initiative by Mr. Meier, GTZ*

Technical cooperation is concentrated on five areas: (1) education, vocational training and small enterprise development, (2) fisheries, (3) resource management, (4) water development, and (4) capacity building in the public sector. These allocations reflected the Namibian priorities in terms of socio-economic development and economic growth. During the initial years of fruitful technical cooperation, the German government complemented the above key areas by additional technical assistance measures financed either from sectoral or regional German funds. Examples include: (1) contribution to the National Aids Control Program, (2) promotion of the use of alternative sources of energy,

(3) advisory services for the promotion of sports, especially soccer activities, (4) strengthening of institutions involved in the promotion of environmental management and combating desertification, (5) and promotion of the primary education sector in the Okavango Region. Mr. Meier then enumerated the broad range of areas in which the GTZ and other German institutions are providing aid to Namibia.

*5. Mr. Ed Spriggs, Director, USAID Mission in Namibia*

USAID is funding projects through READ and environmental programs. They are helping to empower rural communities to form conservancies to manage their own resources. The COSDEC concept can work to establish linkages with the NDC's new emphasis on small entrepreneur development. USAID is involved with the NDC on these programs. The environmental investment fund and new READ projects show ways in which an endowment can support NGO's. It is not easy to adjust all the programs of USAID to suit the market requirements. Such adjustments will be at the very essence of the result or failure of the COSDECs. The COSDECs must develop demand driven value and outreach capacity to identify needs that can be addressed. Micro and small enterprises are the key to a demand-training approach. At the same time as we develop the COSDEC concept, there has to be an opportunity and centres for local economic activities, as well as an appropriate enabling environment. USAID works with government ministers to de-regulate laws to make it easier for people to begin small businesses. COSDEC needs to be able to offer different skills training at different times to respond to different needs. The COSDECs must respond very fast in this area. The ability to adjust will drive success. The Foundation, being a source of networking between COSDECs to assist and move training staff, will help achieve success.

*6. Elaine Moore, Oxfam in Namibia Siwelewele Program*

Since January 1997, Oxfam Canada has been managing the 4-year Oxfam UK/EU funded Omaheke Integrated Development Program based at Tsjaka, Omaheke Region. It has 3 main components: (1) management of Ben-Hur Rural Development Centre, a training and conference facility, in partnership with the Ministry of Agriculture; (2) the provision of Community Development Promoters living and working in four communities – Vergenoeg, Tsjaka, Aminuis and Otjiuaneho to help communities identify appropriate development activities; and (3) the Siwelewele Program, as a channel for information and resources, aims to assist other organisations working both in and out of Namibia to act more effectively in Omaheke and to attract additional funding for communities. Oxfam sees its role as co-ordinating the efforts of the public, NGO and private sector and communities for maximum impact.

*7. Mr. Lovasc, European Community Support in Namibia :*

The EC has supported Namibia since Independence. There was a shift of emphasis of support from social to productive sectors. In this context the EC developed and develops

complementary oridinating: (1) financial support, (2) management, (3) community based training projects, (4) support to ministry of trade & industry, short term training.

*8. Question and Answer session:*

Focused on portability of skills.

## XI. Session Six: The Role and Functions of a Foundation

A. Address: Andrew Corbett, Legal Assistance Centre

The word "Foundation" is generally understood to refer to a permanent fund created for a benevolent or charitable purpose or for some special object. The role and functions of Foundations are to a large degree determined by the nature and scope of the activity which they seek to manage and regulate. These are very diverse ranging from educational, housing, research, environmental to land and job creation organisations. Whilst the possible legal forms are fairly wide-ranging, three institutions are widely used, namely Voluntary Associations, the Section 21 Company and the Trust.

Mr. Corbett discussed the three forms in some detail. He came out in favor of the Trust form. He reasoned that, generally, other legal structures such as Section 21 Companies are too rigid and bureaucratically cumbersome to provide a viable legal mechanism to promote developmental objectives. On the other hand Voluntary Associations, with their relatively unregulated requirement of a constitution complying with various broad criteria, are seen as not providing sufficient oversight of the communities' activities, particularly where substantial funding, either in the form of community or donor income, forms part of the assets of the association.

*Questions and Answer Session*

The questions probed more deeply into the role and function of a foundation and the relative flexibility of a Section 21 company vis-à-vis a Trust.

B. Working Group: Nature of the Foundation, Functions of the Foundation

*Recommendations of this Working Group included:*

- An Action Group should be formed with a steering committee including stakeholders and experts.
- The Steering Committee should draw up a plan of action
- A needs assessment should be done according to the plan of action.
- The participants then discussed the structure of the Foundation

*Immediate Action Steps*

- Clarification should be given on the vision and mission of a Foundation
- A report should be available within one month
- Social marketing for the projects should be discussed
- The Steering Committee should meet
- The legal status should be verified

## XII. Session Seven: Plenary Session, Summary of Findings, Recommendations, Proposed Follow up Action

Summary of Recommendations

Make extensive use the of Advisory Council to further the development of the COSDECs, the Foundation, and the Resource Center

⇒ These are volunteers who have expressed a strong interest in promoting the initiatives discussed in the workshop;
⇒ These are community members representing many different organizations;
⇒ These are the strongest assets available for making the initiatives successful.

The expressed goal of the Ministry of Higher Education has been to let the community lead the way; the Advisory Council is the best and most direct means of involving the community at this initial stage of development. We recommend that the Ministry use the Advisory Council to formulate and recommend Action Plans, Time Tables, and Checklists for the development of the COSDECs, the Foundation, and the Resource Center.

Preliminary Checklist

*FOUNDATION*

- Create a legal framework for the Foundation as a community development trust, establishing it as an autonomous center by the end of the year;
- Enlist Andrew Corbett of the Legal Assistance Centre to oversee the legal development of the Foundation;
- Determine the functions and objectives of the Resource Center and of the Foundation
- Link the Resource Center to the larger Foundation;

*COSDECs*

- Develop a framework for the COSDECs: How will they be administered? What will be their relationship with the local communities? What will be their relationship with funding agencies?
- Determine the specific projects that the COSDECs will undertake
- Specify how existing funds should be used. How will the funds be administered and managed? What needs to be bought?

## XIII. Official Closing by the Honourable Minister John Mutorwa

In order to cope with the numerous problems regarding people's basic needs of producing food, getting water, building shelter and many more, we must equip our communities with appropriate technologies and relevant skills. Our people, especially the rural communities, get annoyed, angry and frustrated when one keeps on reminding and reassuring them that all their fundamental freedoms and human rights are enshrined and entrenched in the Constitution of the Republic. They can neither eat nor find physical shelter in the freedoms and rights. They want education and training to empower them to practically and meaningfully participate in the socio-economic development of their country. Give them skills and they will be able to produce more food, get water, build shelter, and generate wealth. This conference was a good start on the long road of socio-economic development. May practical implementation of the conference decisions soon follow.

# INDIA WORKSHOP REPORT

**Women's Technological Empowerment and Sustainable Development: Replicable Models**

***December 8 - 10, 1997***

***Chennai, India***

*"Women have traditionally played a key role in the sustainable management of natural resources. Sustainable development will be possible only through the integration of the principles of ecology and gender and social equity with those of economics. This calls for a systems approach to economic development. Such a multi-dimensional thinking and action requires empowerment with new knowledge and skills. This workshop helped to achieve this goal of bringing about a paradigm shift in thought and action from a uni-dimensional approach to a multi dimensional one."* -- Prof. M. S. Swaminathan, 14 March 1998

*"Today's Dream is Tomorrow's Reality. We make Hope happen."* -- India workshop theme

## Workshop Summary

The M. S. Swaminathan Research Foundation (MSSRF), Education Development Center's (EDC), Center for Workforce Development, USAID and the Center for Vocational Education in Chennai organized a three-day workshop on "Women's Technological Empowerment and Sustainable Development." The primary goal of this workshop was to focus attention on programs and methodologies which reduce the hours of labor of the most impoverished and vulnerable women, and which add value to the work they do for themselves, their families, and their communities. The intended outcomes included:

1. Highlighting pioneer projects which focus on Women's Technological Empowerment for Sustainable Development, and helping NGOs understand the necessity of ecologically sustainable programs.

2. Developing guidelines for replicating the highlighted projects - such as the Biovillage, Bharatiya Yuva Shakti Trust and The Working Women's Forum; and learning about the role microcredit plays in such programs.

3. Focusing attention through the media and the internet on programs and methodologies highlighted in the workshop, and using them as a springboard to start a broader conversation on the topic of the workshop.

Over eighty people from six states (Tamil Nadu, Andhra Pradesh, Orissa, Kerala, Karnataka, and Goa) participated in the workshop. There were also participants from

Bangladesh. During the morning sessions there were panel discussions in which experts in the field spoke passionately about their experiences in developing highly successful workforce development programs for women and youth. The afternoons were set aside mainly for interactive working group sessions. Participants were divided into two working groups, one for the state of Tamil Nadu and the other for participants from the neighboring states.

During the working group sessions, participants were led through a vision and commitment exercise to develop a personal vision for themselves, as well as collectively as a group. This exercise was led by experienced facilitators who helped the participants develop a collective vision for the workshop and their future work. The group vision created at the workshop was *"Today's dream is tomorrow's reality. We make hope happen."* Participants also created action plans with milestones. **At the end of the workshop, every participant stood up and shared their personal commitment and their action plan for the three month period following the workshop's conclusion.**

The workshop far exceeded its goal of stimulating a conversation among Indian NGOs on women's technological empowerment and sustainable development. It helped align a large and diverse audience around a vision of what is possible if each individual commits him or herself to help create opportunities for women to develop the skills and knowledge they need for sustainable livelihoods. It created a group of committed individuals to give life to that vision and to exercise a strong voice for the future of their region.

The local sponsors plan to keep in touch with the participants to track their performance. Every three months the participants will be asked to respond to a survey on their accomplishments as well as a request to outline their milestones for the next three months. Local sponsors may host a completion workshop at the end of 1998 so that all the participants will have an opportunity to look at how they converted their vision into action.

**Overview of the Workshop Agenda**

**December 8, 1997**
*Inauguration & Introduction of facilitators*
1. Strategies for Successful Program Planning and Replication."
2. Youth Initiatives and Microenterprise Development
3. Methodology & Specific Goals for the Working Groups
4. Guidelines for Replication and Identification of Resources
5. Realignment on the Goals of the Workshop

**December 9, 1997**
6. Working Women's Forum
7. Designing a Biovillage Program
8. Microcredit Banking and Loan Systems
9. Moving Towards Powerful Outcomes
10. Working Group Sessions

**December 10, 1997**
11. Realignment on the Goals and Vision of the Workshop
12. Designing Sustainable Micro Enterprise Programs
13. International Panel on Microenterprise and Microcredit Programs
14. Panel on Micro-Level Planning
15. Working Group Session
16. Presentation of Working Group Action Plans

*Closing Address*

## DAY I:- DECEMBER 8, 1997

### *Inauguration*

The workshop on "Women's Technological Empowerment and Sustainable Development" was inaugurated on December 8, 1997 at the M. S. Swaminathan Research Foundation (MSSRF) in Chennai. Ms. Shilpa Patel of the MSSRF welcomed all the participants and Ms. Monika Aring of the Education Development Center, Inc. (EDC) delivered the welcome address. Ms. Michelle Sison, Consul General of the USA in Chennai, presented the keynote address in which she emphasized the importance of developing guidelines for replicating the highlighted projects. Ms. Sison said that the projects she designed to empower women had tremendous social and economic impact on communities. Giving examples from the Clinton Administration's Platform for Action for women and USAID's gender-focused activities, she said that the need for participatory planning has become very clear. Thus, she said, "I believe that this conference's focus on looking for replicable models for women's technological empowerment is highly relevant." Dr. Swaminathan delivered the inaugural address highlighting the needs and goals of the workshop. Professor Adrian J. Almeida gave the vote of thanks.

During his inaugural address, Dr. Swaminathan pointed out that contemporary development pathways are leading to jobless economic growth and accompanied by economic and gender inequity and environmental degradation. In population rich countries like India, he said, "what we urgently need is job-led economic growth based on a pro-nature, pro-poor, and pro-women orientation to technology development and dissemination." A combination of micro-level planning, microcredit and micro-enterprises will help to promote livelihood opportunities on an environmentally and socially sustainable basis. Dr. Swaminathan defined the objectives of environmentally sound sustainable development with the example of the Biovillage. He explained that the Biovillage project had growth, equity and efficiency placed at the apex of a triangle balanced with social and ecological objectives at the other ends. In a diagrammatic representation, he placed micro level planning as the pathway to rural development and market skills as the driving force for asset building in communities.

Dr. Swaminathan believes that socio-economic empowerment of women alone will not be adequate for achieving gender equity. He claimed that socio-economic empowerment has to be associated with information and skill empowerment. Therefore, this workshop was designed to enable the participants to learn from the successes of other programs in the area of women's technological empowerment. He also requested the participants to identify the "major ingredients for successful self-employment during the course of the workshop."

***Introduction of facilitators***

Dr. Swaminathan introduced the facilitators of the conference: Mr. Cesar Arroyo, Dr. Hugo Gonzalez and Dr. Subramanyam. The facilitators elaborated on the objectives of the conference and the role the participants were expected to play.

Dr. Subramanyam explained that the concept of empowerment is a mental concept. According to him, "empowerment is merely a state of mind." Thus women's empowerment could be achieved only if women were ready to change their attitude. He emphasized that it is necessary to change the mindset of the entire society if this concept of women's empowerment is to become real. NGOs and the bureaucracy, according to Dr. Subramanyam, are mere facilitators of this process. It is the people who have to change the way they think. For example, for women to become economically independent, it is not just skills and credit, but the health of women and children that must be considered as well.

Dr. Gonzalez, elaborating on the role of the participants, spoke about the restraint people place on themselves while interacting with others. People, he felt, preferred to remain in their own space and fixed ways of listening. Based on the comments of the audience on why this attitude prevails among people, Dr. Gonzalez analyzed some of the reasons why people prefer to remain in their "shells." Some of the reasons shared were as follows: fear of criticism, inferiority complex, and insecurity. To break out of this fear, "one needs to be well informed, courageous and confident," he said. In order to gain confidence, Dr. Gonzalez said that people need commitment and a sense of responsibility," and an "acceptance of what we are and how we are will help us communicate better with others." Dr. Gonzalez urged the participants to shed their fears and insecurities by participating with an open mind and helping to make the workshop successful.

**Session #1: Strategies for Successful Program Planning and Replication**

Ms. Srividya Rajagopalan, a senior coordinator of the Working Women's Forum, was the chairperson. Ms. Monika Aring and Ms. Poonam Ahluwalia of EDC and Dr. Hopper of MSSRF were the speakers.

Ms. Aring emphasized the need for a thinking that produces power and generates "uncommon thinking" about the empowerment of women in India's poor and rural areas.

She also discussed the problems of women which are deeply linked to other issues such as economic growth, health, population and environment.

Ms. Aring shared two brief thoughts from the noted British futurist Charles Handy and from the famous anthropologist Margaret Meade. According to Handy, the meeting of self (individual) and the community is probably the most complex issue of our time. She called on all people and society to come together and create a framework for what will be perhaps an extraordinary, powerful community—a community she defined as "a network of shared purpose, a commitment to uncommon thinking and to actions that make a difference". She concluded by saying, "never doubt that a small group of people can change the world. Indeed, it is the only thing that ever has."

Ms. Poonam Ahluwalia introduced Dr. Hopper, the National Coordinator of the Biovillage project. This project is an example of a successful project for replication. She conducted an interview session with him so as to clearly illustrate the various stages of planning and building of a Biovillage. The audience had ample time for questions.

**Session # 2: Youth Initiatives and Microenterprise Development**

This session was chaired by Dr. M. Subramanyam, the chairperson of the Hunger Project in Uttar Pradesh. The speakers were Smt. Lakshmi Venkatesan of the Bharatiya Yuva Shakti Trust (BYST), Dr. Gray of the MSSRF and Dr. K.N.N.S. Nair, Member of the State Planning Board in Kerala, Government of India.

Ms. Venkatesan introduced BYST as an organization that addresses the issue of entrepreneurship development among underprivileged youth. Set up in collaboration with the Confederation of Indian Industry, BYST is active in 14 cities and 5 regions of the world and is supported by various NGOs, education institutions and corporate partners. In India, the trust supports over 300 enterprises, which in turn provide employment to over 1000 people. She explained that 54 ventures are owned by women entrepreneurs. She described what they believed to be the building blocks of development, including entrepreneurship, self employment and income generation. BYST works actively to provide these services to Indian youth. Ms. Venkatesan's session was very informative as she provided examples of BYST supported entrepreneurs and BYST"s mode of operation.

For Dr. Gray, technology plays the key role in the Biovillage model for rural development, while skills and availability of time are the mobilizing forces. He explained that the project provides the training or skills for people to produce for the market on a daily basis. In his efforts to illustrate the redistribution of market and knowledge assets in the Biovillage, Dr. Gray mapped out a coordinated cycle of stages. He said that the Biovillage is a self sufficient model which attempts to address the "final outcome of sustainable development." This session highlighted not only the "workings" of the Biovillage project, but also the practical efforts needed for the replication of a successful project.

**Session #3: Methodology & Specific Goals for the Working Groups**

This session, led by facilitators, explained the methodology and set specific goals for the working groups. The participants were divided into two groups – NGOs from Tamil Nadu, and those from neighboring states.

**Session #4: Guidelines for Replication and Identification of Resources**

This session illustrated the guidelines for replication and identification of resources in the three coastal states of Orissa, Andhra Pradesh and Tamil Nadu. Dr. Kanungo. (Orissa), Dr. T. Ravishanker (A.P) and Dr. V. Selvam (T.N) were the resource people for this session.

**Session # 5: Realignment on the Goals of the Workshop**

This was the last session of the day. The facilitators urged the participants to continue their focus on achieving the strategic outcomes of the workshop.

**DAY II - DECEMBER 9, 1997**

**Session # 6: Working Women's Forum**

In this session, Ms. Srividya Anauthkrishnan, coordinator for the Working Women's Forum (WWF), shared some of the experiences of the WWF in urban and rural India. The chairperson for this session was Dr. K. Kanungo, Chancellor, Central Agriculture University, Orissa.

"What started as an urban experiment in a Madras slum," said Ms. Srividya, "now has fifteen branches in three states, Tamil Nadu, Andhra Pradesh and Karnataka, with around fifty thousand women involved." Economic emancipation of women was the key objective of Working Women's Forum, she said. Like minded women form small groups and WWF helps them obtain credit.

At the grassroots level, the WWF seeks to identify women who could be trained to understand the importance of financial independence. For example, women from the "bidi" and "agarbatti" making areas were helped to delink from the dealers and suppliers who exploited them. Ms. Srividya described how 25,000 women contributed 20 rupees each to a fund which helped them avail of loans. These loans would then be utilized by the women and invested in microenterprises with the hope that over a period of time they would become financially independent.

Ms. Srividya explained how other domestic and social problems faced by low caste Indian women, such as male alcoholism and wife beating, were also addressed by WWF. She claimed that integrating women into the mainstream of society, as well as trying to effectively break the barriers of caste, are difficult tasks. However, Ms. Srividya explained

that WWF does not just offer solutions to overcome their problems. It gives the women options and "women very intelligently decide what is best for them."

Child labor, especially the habit of pledging children to employers as repayment of loans, is another issue that the WWF works against. The WWF helps women repay loans and provides other opportunities for children. Answering the questions posed by participants, Ms. Srividya explained that while WWF has not launched an adult literacy program, it had trained women to handle complicated banking operations by themselves. Repayment of loans by these trained women is rather prompt. She also described the organization as "bottom-up," as the rural women were the most important members of the WWF.

**Session #7: Designing a Biovillage Program**

In this session, chaired by Ms. Poonam Ahluwalia, Project Consultant, EDC, the basics of designing a Biovillage program to serve the "resource poor" was discussed. Dr. R.S.S Hopper, National Project Coordinator, Biovillage Project MSSRF, Pondicherry, presented a slide show explaining the concept and functions of the Biovillage. Mr. Rajashekhar Reddy, Project Associate, Credit Management, MSSRF, spoke about the micro-credit system offered as part of this project.

Dr. Hopper laid emphasis on the fact that the Biovillage is a human centered project rather than a mere technology driven program. He said the idea of "Bios" (living) a holistic approach to an environmentally friendly rural development program, is the "driving force" of this project. Dr. Hopper went on to explain that capacity building is an essential aspect of the Biovillage, while micro-level planning--combined with micro-enterprise development, social mobilization, marketing and institutional linkages—are key elements in the success of this program.

Dr. Rajashekhar talked about the microcredit component of the Biovillage project. He explained the concept of small groups and the rules and regulations that govern them. Mushroom production, sericulture and aquaculture were described as some of the most successful group programs undertaken by the Biovillage project. He spoke about social mobilization and linkages with financial institutions, as well as the training given to the members of the project.

On the subject of sustainability and replicability, Dr. Rajashekhar explained the involvement of the participants at every level. Some examples comprised of easy access to credit, raw materials, and market and input supply. He also stressed that the project offered not only technical support, but social and economic support as well.

Answering the questions of participants, Dr. Hopper explained that the depiction of the "idle woman" in one of the slides of the Biovillage meant idle only in monetary terms. In fact, most of the money made available through loans was handled by the women in the Biovillage. These women, Dr. Hopper explained, were totally committed to the

repayment of loans. These women had also banded together to reject the claims of the rich and powerful local businessmen and politicians to their land and produce.

The Biovillage has also had its failures, said Dr. Hopper. For example, in their sericulture project, they had not been able to mobilize women to work in groups. But the greatest concern with regard to the future of the program was the "time factor with so many varying changes in the socio-cultural scenario."

**Session # 8: Microcredit Banking and Loan Systems**

Dr. Bhagwan Prakash, a leading HRD officer in the Commonwealth Secretariat in Chandigarh and Dr. Rangarajan, a leading economist with the Indian Overseas Bank and the editor of I.O.B.'s economic journal, were the speakers in this panel on Microcredit Banking and Loan Systems. Dr. M. S. Swaminathan was the chairperson of this session.

Dr. Prakash, who has worked with National Service Scheme in the Government of India, has also served as a consultant to the W.H.O. He focused his talk on youth empowerment. Taking the example of the state of Orissa, he said that despite the fact that incomes are rising for the people of Orissa, the majority of them are very poor. Therefore, he said that it is of vital importance that efforts are made to empower youth and other weaker sections of society so that they can participate effectively as economic partners.

Dr. Prakash stressed that many countries have made a global declaration to empower the poor and reduce poverty. One of the outcomes of this commitment will be an increased life expectancy for their population. Some countries have pledged to reduce malnutrition and maternal mortality and are paying special attention to reduce the gender gap.

Dr. Bhagwan Prakash spoke about the fear banks have when giving out loans, even though it has been seen that the recovery rate from the poor is much better than the rich. He suggested a few methods for helping the "credit culture" to develop among the poor to empower themselves to seek self employment.

The project initiated by the Commonwealth Youth Program has 259 women and 340 men participating in it. Dr. Bhagwan Prakash proclaimed that none of the loans under this scheme were written off because participants in his program were committed to achieving their goals and paying off their loans.

Explaining the impact of the microcredit culture on society, Dr. Prakash felt that there was a direct increase in the income and the reinvestment level among the people benefiting from micro-credit programs. Closing his presentation, he stressed that there were also many other indirect benefits for the rural poor.

The next speaker, Dr. Rangarajan, a Ph.D. in Economics, focused on the formal banking system that supports the micro credit system. He explained that other than private banks, there are commercial banks, regional rural banks and cooperative organizations with

various branches that reach the villagers and the poor masses. These organizations regulate money for the poor. The service area credit plan finds out the credit potential for each village and about 15-20 villages come under each plan.

Dr. Swaminathan summed up the session by moderating the queries of the participants at the workshop. The questions asked were related to the problems faced in working with rural and urban groups with regard to loan repayment.

**Session # 9: Moving Towards Powerful Outcomes**

In this session, Ms. Poonam Ahluwalia and Dr. Hugo Gonzalez explained the title of the conference as a starting point in the development of a vision for the conference. In an interactive session with the audience, "Technological empowerment" was described as any information that can improve the value of existing economic activity or promote a new economic activity. Sustainable development was defined as any responsible self management activity which is environmentally friendly and promotes economic growth. Concepts like gender equality, literacy, sharing of resources and conservation of social values were also considered essential components for sustainable growth.

**Session # 10: Working Group Sessions**

In this session the participants were divided into two working groups. Group 1 comprised of participants from the coastal states represented at the conference, and Group 2 were representatives from the State of Tamil Nadu.

Working Group 1

Group 1 had 30 members belonging to various organizations working on micro credit, social services, education, health, etc., for women. Dr. K. Kanungo from Orissa was the resource person for this group and Dr. Hugo Gonzalez was the moderator. Dr. Gonzalez began the session by asking every participant to identify an area of opportunity and take that on as their project. Many ideas were generated by the participants. Some examples were as follows: the creation of a credit system, development of leadership qualities, skills training, etc.

The next stage was to determine the strategies that were required for accomplishing their goals. The need for a list of tasks within a fixed time period was essential, explained Dr. Gonzalez. And finally, tapping of resources was key to getting the project completed. He asked the group to identify the resources available for their projects from within the group as well as from outside sources. The participants were further divided into pairs for exchange of ideas while discussing their project goals.

The session ended on a positive note as the participants were excited about the new opportunities for projects that they had identified. They created a resource directory with the names and addresses of all the participants as a networking tool for future reference.

Working Group 2

In the Tamil Nadu group, facilitator Mr. Cesar Arroyo divided participants into smaller sub groups according to the organizations they represented. The participants shared their experiences, discussed what they had learnt from the previous sessions at the conference, considered the practicality of the various schemes, and reviewed other related subjects of common interest.

Listed below is a summary of the working plans developed by the groups:

- Establishing a micro-credit facility was a widely discussed subject. Members of an NGO named "Manushi" felt that a Micro Credit Organization would greatly benefit poor rural women. By the year 2000 they want to organize groups comprising of working women with the mobilization of savings as the main objective.

- In a span of three years, the Kancheepuram District Fisher Women Development Council seek to form a strong "fisherwomen movement" in Kancheepuram district. Presently working in five villages, the organization plans to extend its activities to fifteen villages. They plan to achieve this by forming trade unions, improving market facilities, product diversification techniques and by uplifting people in non-fishing areas.

- Within three years, the Multi-Purpose Community Development Society hopes to improve the socio-economic status of Tiruvanamalai district. Organizing credit groups, environment conservation and vocational training are some of the areas they plan to concentrate on. They also plan to spread awareness among people of the various schemes offered by the Government for community development.

- Economic freedom for women through demand oriented economic activities is the objective of the Grama Rajya Sarvodhya Illam. They see opportunities in areas like cattle rearing, poultry farming, coir weaving and other related fields. They seek to mobilize women's self-help groups, identify leaders for these groups and make credit facilities available for them. Effective supervisory machinery they believed, would help them reach their goals and make the best use of the finances available.

- Using the Matrix ranking method, one group decided that the programs of the Working Women's Forum were ideal for replication. In a span of three years their goal is to empower women by providing them with more opportunities for self employment. An increase in the income of women, they believe, would result in less drudgery and improved health conditions.

- The Biovillage project was seen as ideal for replication by one group. "Linking up with Government agencies was something they had never done," said one NGO leader. Group members are now intent on getting government involvement in order to set up a Biovillage in their area. They also regard the micro credit system of the Working Women's Forum as effective and want to try it out in their projects.

This working group session lasted ninety minutes, and the participants of the Tamil Nadu group used every minute to plan their replication strategies. They realized that they all had similar goals and that sharing their experiences and seeking mutual help would benefit them all.

## DAY III -DECEMBER 10, 1997

### Session #11: Realignment on the Goals and Vision of the Workshop

The day began with Ms. Poonam Ahluwalia introducing Mr. Charlie Feezel of USAID. He conducted an exercise on "Visualization and Referencing as a Breakthrough Tool" in which he requested the participants to think and form an image about themselves. He explained that the aim of this exercise was to develop skills in the imaginal domain. He said that the power of imagination should be unlocked to tap our skills in the planning of every task.

Following this, Dr. Hugo Gonzalez requested that participants identify people who they had not interacted with in the previous two days and learn about their areas of interest. These two exercises were carried out to motivate the participants to think clearly about their plans and to align themselves towards achieving their goals.

### Session # 12: Designing Sustainable Micro Enterprise Programs

The topic of this session was Designing Sustainable Micro Enterprise Programs to serve the poor in urban areas and to launch an urban green belt movement. The session was chaired by Ms. Shamim Padamsee, Hon. Consul General of Indonesia, Chennai. The speakers for this session were Mr. John Joseph and Mr. D. Satthaiah. Mr. John Joseph is a member of the Indian Foreign Service. He is involved in various programs for the conservation of forests. He is currently working with the MSSRF. Mr. D. Satthaiah is presently working at BASIX, a company which works towards mobilizing finances for rural sectors. He has designed many rural programs to identify entrepreneurs.

Mr. John Joseph in his address, spoke about the degradation of the environment and its link to poverty. Mr. Joseph said that there is a direct need to address the issue of marginalization of people, especially women. He explained that the necessity of a symbiotic partnership between people and natural resource endowments is essential. Moreover, there is a balance that has to be brought about between these two categories if sustainable development has to be achieved. He urged women to come forward to bring about this balance. He believes that a woman's natural tendency towards eco-sensitivity can have the greatest impact on achieving sustainable development.

Mr. Joseph went on to talk about various micro enterprise programs in effect for the poor. For example, in the Biovillage, micro enterprises for the poor and the landless include seed

collection, coir making, mushroom cultivation, fishing etc. Mr. Joseph spoke about the methodology for launching micro enterprises using available technology, credit, NGO and Government support. He said that the "framework" of the society needs to be changed and the "frame of mind" of women needs to be transformed so that they can make decisions and develop microenterprises effectively.

The next speaker, Mr. Satthaiah highlighted the various steps involved in developing micro enterprise programs. They are as follows: identifying micro entrepreneurs; listing regional economic activities and analyzing them to suit micro entrepreneurs; and matching individuals with economic activities according to their proposals etc. He also divided the micro entrepreneurs into three categories: 1) entrepreneurs heavily inclined toward savings, 2) those interested in savings but with limited income 3) those who had no inclination for saving.

**Session # 13: International Panel on Microenterprise and Microcredit Programs**

This session was chaired by Ms. Stina Vasu, Hon. Consul, Consulate of Sweden, Chennai. Ms. Marjorie Schreuder, of WISE (Worldwide Interaction for Solidarity Efforts), Mr. P.M. Jose of the Catholic Relief Services and Dr. Bhagwan Prakash of the Commonwealth Secretariat were the speakers.

Ms. Stina Vasu spoke about Sweden's commitment to bridge the gap between the rich and the poor all over the world. She said Swedish aid is given to programs that improve living conditions in poor, underdeveloped countries. Ms. Vasu informed us that India was one of the top recipients of Swedish aid; indeed, one of their most successful projects was educating girls in Rajasthan.

Ms. Vasu explained that two generations of Swedes contributed heavily to social security to raise the Swedish standard of living. Women too had to fight for their rights in Sweden. For example, girls were allowed to attend schools only from 1927. From their experience, Swedish women have learnt that it is not necessary to be highly trained or educated to be successful entrepreneurs. Ms. Vasu commented that a lot of common sense and will power could be the key to their success. Thus, she told the women of India to have hope. "If women in Sweden could make it, Indian women could also be successful, especially now, with mass media easily accessible to you."

"Celebrate the birth of a daughter," said Ms. Marjorie Schreuder, as she began her speech. She believes that this sense of acceptance of the female child could improve the self esteem of Indian women and, in turn, make gender equality more of a practical concept in India.

Ms. Schreuder went on to explain the philosophy of UN-Income and how it could be used in India. UN-Income, she said, is a world plan based on extra production which would give rise to greater personal income. UN-Income acknowledged the difficult situation of women all over the world, especially in poor regions.

Ms. Schreuder talked about conducting a pilot study to understand the viability of this innovative project in India. She said that the main objective is to set up a model supplementary economy, similar to the UN-Income. The pilot would aim to create a dynamic and loving community where all surplus income could be used to improve living conditions. The more specific objectives, however, would include partial delinking of the local economy with the world economy by introducing a local currency in the region. Ms. Schreuder explained that this would make people more conscious of local oriented social and economic development.

The target group for this program would be mainly women in rural communities. The intent being to prevent them from migrating to cities. Empowerment of women, inculcating spiritual and moral values, community building, anti-poverty, sustainability and environmentally friendly behavior would be the main characteristics of this project. Ms. Schreuder claimed that a combination of the consultation and sociocracy methods would be taught to the people to enable them to make decisions.

Mr. P.M. Jose briefed participants on the role of the Catholic Relief Services in the alleviation of human suffering in eighty countries around the world. In 1997 the CRS, he said, had supported micro credit programs in 22 countries. Women comprised 87% of the participants, and the average rate of repayment among the participants was 92%. While the CRS adopted its micro credit system to suit the local needs, it had six basic plans: land to the poor, especially women; begin at a small level and gradually increase capacity by introducing schemes like literacy and nutrition; employ solidarity systems; promote local savings; encourage financial self sufficiency; and encourage participatory management.

In India, Mr. Jose said that the CRS worked through about 60 voluntary organizations. Health, agriculture, micro credit and humanitarian assistance were some of the main areas of their work. He informed the participants that India currently receives $19 million annually from private donations in America and the US Government. With regard to micro credit programs in India, Mr. Jose said that CRS had 30 local partners working with over 650 groups. This involves over 20,000 people--80% of them are women.

The last speaker in this session, Mr. Bhagwan Prakash, talked about the Commonwealth Secretariat's commitment to promote youth development projects in 9 Asian countries. The major priorities of their projects are the development of youth policy; human resource development with special management of the HRD structure; and the promotion of self help activities.

**Session # 14: Panel on Micro-Level Planning**

This session was chaired by Dr. S. Rajagopalan, Distinguished Fellow, MSSRF. Dr. Nandita Krishna and Mrs. Meena Swaminathan were the speakers.

Dr. Krishna began by saying that "the way our population is growing, we have no choice but to manage our natural resources." Dr. Krishna said that the goal for any program involving women should be providing employment, health and eradicating dowry. To achieve economic security, women should have access to natural resources, such as common community property for fishing and agriculture etc. "Women's interests and natural resources supplement each other," she explained.

Since "micro-planning means planning at the village level," Dr. Krishna said that for any plan to be successful, gender specific baseline data targeting the priorities and needs of women is essential. She listed some problems that could result with the lack of baseline data. For example, unequal benefits leading to unequal interest, overworking of women, no land rights, lower pay, menial work etc. Women need to be involved in planning and support systems like access to natural resources. In addition, Dr. Krishna said that credit and training are required for that process. Dr. Krishna highlighted a few key methods for training women to acquire effective skills for planning. Some of these included participatory, guided and group training methods. Closing her address, she stressed the necessity of making every project successful with detailed gender specific planning.

The next speaker, Mrs. Meena Swaminathan, concentrated on the aspect of gender in microlevel planning. She highlighted the various roles played by women in and outside the household. Mrs. Swaminathan said the allocation of time to various types of work does not leave a woman with much time to think about microplanning. She said "the approach to this issue is very crucial and has to be done in a subtle but assertive way."

Mrs. Swaminathan said that gender roles are socially constructed, varying from one society to another. Gender roles are divisions of tasks and responsibilities, whereas gender relationships are divisions of power, control and authority between different groups in a society. Mrs. Swaminathan said that a typical Indian woman does a balancing act in playing out her role. She strives to strike a balance with her economic, household and caring work. Mrs. Swaminathan pointed to research which shows that women work longer hours than men and are paid only a tenth of the wages given to men, as most of their work is unpaid household work.

To conclude, she said that there should be an awareness campaign so that men realize the hard work put in by women and respect them as individuals. To emphasize her point, Mrs. Swaminathan showed a video in which Indian gender stereotypes were played out.

**Session # 15: Working Group Session**

Session 15 was a continuation of Day II's Working Group Session. The facilitators invited the participants to work out a complete action plan which would stimulate responsible action.

Mr. Cesar Arroyo reiterated the vision of the workshop: "*Today's Dream is Tomorrow's Reality. We make Hope happen.*" He said that outlining a Vision, Goals, Results, Leadership, and Resources were necessary steps for working out an action plan. He stressed that the results outlined have to be measurable and time bound for effective planning.

This short session on setting up the Working Groups was a brief look into the Result/Action Commitment methodology used in the workshop.

**Session # 16: Presentation of Working Group Action Plans**

In this Working Group session, the facilitators illustrated the stages for effective planning. They were as follows:

- Vision
- Goal
- Results with respect to time
- Leadership
- Resources/Partnership
- Actions

The Working Groups on the third day of the workshop finally worked out action plans to accomplish their goals. The Working Groups were requested to share what they wished to accomplish. The Groups put forth their Vision, Goal, Results, Leadership, Resources/Partnership.

## Working Group Action Plans

| | |
|---|---|
| 1. For the upliftment and empowerment of fisherwomen<br>- The group wants to break through the mindset of the bureaucrats. They want to include as many programs for women as there are for men. | 2. Equity, Gender, Justice and Sustainable Development for Women<br>- increase savings and viable programs<br>- compete in decision making<br>- enhance purchasing power<br>- improve marketing ability<br>- network with other groups<br>- take on an issue based approach<br>- develop into a community based organization<br>Resource: Government of India and other funding organizations |
| 3. To improve wages and the standard of living of fisherwomen (Chidambaram)<br>_ purchase 20 katamarans (2 lakhs)<br>_ purchase 5 tyre of nets (1 lakh)<br>_ train 20 groups<br>_ meeting for each group every month<br>_ give small loans periodically<br>Time: January 15 - April 15, 1998<br>Action: Periodic Training in different departments and areas. | 4. Gender Action Mission<br>_ people given mission strategy power<br>_ plan for the betterment of Bangladeshi women<br>_ program to be visible<br>_ USAID Mission to be more proactive<br>_ provide organizational specific training for women<br>Time: 15 years |
| 5. Strengthen existing groups and create new groups for action (Chittor district)<br><br>Developing leadership among groups<br>Funds: internal and external<br>Activities: create awareness; share information among groups, trainers and experimenters. | 6. Working Action for Sustainable Development of Self-Help Groups (Andhra Pradesh)<br><br>- Internal Credit Union.<br>- Awareness Camp every month.<br>- Every 5 days - a visit for 50 people.<br>Fund: ITDs, State Government, USAID, Sangamithra<br>Period: Staff Orientation: 15/12/97 to 18/12/97<br>Leadership: 20/12/97 to 23/12/97<br>Book Keeping and Accounting: 28/12/97 to 30/12/98. |
| 7. Organizing System Nachipattinam (upliftment and awareness of tribal women)<br>_ create awareness by a special awareness program<br>_ form 80 new group with the help of women coordinators<br>Fund: Rs 3 crores from Indian government already received.<br>Action: 1998 | 8. To promote sustainable development by self help groups (Krishna district, Andhra Pradesh)<br>_ impact 10,000 women<br>_ develop role models in the self help groups<br>_ give training programs<br>_ invite technical people as experts<br>Fund: From the state and the people.<br>Action: 3 months<br>January 1998: prepare material in Telegu and organize training program.<br>February 1998: invite people and self help leaders<br>March 1998: Selected staff to visit villages; and create a 3 year action plan. |

| | |
|---|---|
| 9. Sustainable Income Activity (Karnataka)<br>for 2 years<br>_ women to learn of self reliance, hygiene, quality of life, health<br>_ recruit group leaders and coordinators<br>Funds: The government scheme: Women and Child Development Department.<br>Resources: Enroll another working group as partner as their project ìijanudayaî is a successful model which has worked to help women come into the mainstream development process in the country. | 10. Upliftment of socio-economic conditions of underprivileged women and youth<br>_ get the most skilled employed<br>_ establish credit group activities<br>_ promote economic and community activities<br>_ network with government officials and NGOs<br>_ learn from other projects and development activities<br>_ create leaders among the group<br>Resources: volunteers from MCDs<br>Action: Select a community, form groups, conduct training leadership for women. External people will be called to evaluate the project activity. |
| 11. Sri Shakti Sagatham on Women's Issues (Devadasi)<br>_ provide compulsory education for the girl child<br>_ mobilize funds<br>_ organize health camps | 12. EDC Project - Spread the Biovillage all over the world by 2000<br>_ multi year project<br>_ pilot projects to be launched in selected regions<br>_ leadership by M.S. Swaminathan Research Foundation<br>Funds: USAID<br>Action: Develop action plan by January 1998 to apply for funding worth $ 500,000 - 600,000. And by the year 2000 have the project in full swing. |
| 13. Sarvodayara Vadipadi - Madurai<br>_ Train 20 or more groups to develop microenterprises<br>Resource: 20% by savings, 75% from government, rest from non-governmental sources.<br>Action: 3 months to form groups.<br>6 months to find resources. | 14. Provide Community Support (Two action plans)<br>1. To create a local activity by a skilled community.<br>Resource: Target groups: 5000 people: set among women in rural areas and urban slums.<br>2. Develop micro-enterprises for community building.<br>Resource: Western partners, European Community or other Donors.<br>Partners: Indian Local Authorities.<br>Action: At the end of 1997, start the project with funding from bank. |
| 15. To empower rural women socially and economically<br>Time: 3 years.<br>Result: Create 21 women's groups<br>Rs. 3,00,000 mobilized<br>Working hours of women reduced<br>Increased participation of women in economic activities.<br>Resource: Savings<br>Skills of women members.<br>Government Scheme.<br>Partnership: Other NGOs<br>Government Institutions.<br>Action: In the first 3 months, identify and select a village and start the process of group formation. | |

***Closing Address***
- Dr. Ashok Parthasarathi

"The 21st century will be the age of information technology, biotechnology and renewable energy," said Dr. Ashok Parthasarathi in his closing address at the conference on Women's Technological Empowerment and Sustainable Development. Dr. Parthasarathi, Secretary to the Government of India, and Ministry of Food and Processing, was described as a "pioneer in entrepreneurial development," by Dr. M.S. Swaminathan.

Dr. Parthasarathi emphasized that illiteracy should not be considered as a barrier facing development in India. He said that the problem of illiteracy should be dealt simultaneously with other issues in development. For example, he saw nutrition and health as greater problem areas in society.

Women, he felt, are the most crucial partners in development. He said that policy innovation, institutional innovation, financial engineering and technology would be a great help to the process of development. Microenterprises and microcredit, he said, are the central elements of empowerment, and could make economic progress a reality.

On the subject of successful Government projects in the field of development, he spoke about the "Jawahar Roger Yojna," and the "Trade Related Enterprise Development." However, Mr. Parthasarathi said that the building and creative capacity of NGOs would greatly benefit development programs.

"Providing hope to achieving a better life, at least to a level of subsistence from that of poverty, should be our goal," said Dr. Parthasarathi. With an example of the success of the coir industry in mobilizing women, he emphasized the vision of the conference. "Today's dream is tomorrow's reality. We make hope happen."

# Country Studies

# PHILIPPINES

## *A STUDY ON WORKFORCE DEVELOPMENT CONDITIONS AND OPPORTUNITIES*

**by Jaime B. Naval**

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*January 1998*

# Executive Summary

***Workforce development in the Philippines: conditions and opportunities***

From being known as the "sick man of Asia", the Philippines has registered steady growth in the 1990s. In 1997, the country's gross domestic product climbed 5.1%, the sixth straight year of growth. Though not as extremely affected as neighbors Indonesia and Thailand, the Philippines is bracing against the effects of the Asian currency turmoil, plus the potentially divisive national elections campaigning, and the destructive impact of the El Niño phenomenon.

The Ramos government has carried out a number of macroeconomic reforms and socio-political initiatives. It has passed new laws and measures facilitating trade and foreign investments, privatized state-owned enterprises, and broken up monopolies in telecommunications, transport, banking and finance, construction, power, insurance, and mining, among others. The government has also launched peace initiatives with different rebel groups, concluding agreements with the *Reform the AFP Movement* and the *Moro National Liberation Front*. Agreements remain elusive with the *National Democratic Front* and the *Islamic Moro Islamic Liberation Front*.

Despite the economic gains and growing political stability, some 33 percent of the total population still fall below the poverty threshold. Ironically, the Philippines has the highest proportion of university-educated workers in Asia, and studies such as the 1997 *World Competitiveness Survey* rate Philippine skilled labor as among the best in the world. Yet many university graduates must go overseas to find decent wage-paying jobs. Local technical, administrative and managerial openings cannot be filled. Most health, medical and information-technology professionals end up being absorbed in foreign labor markets. Thousands of education jobs remain vacant as teachers and instructors queue the foreign embassies in search of better paying employment, even if this means ending up as a domestic servant somewhere in the Middle East or as a factory worker in nearby East-Southeast Asia. A unique feature of the Philippine workforce landscape is the very substantive role which overseas employment plays in the economy. Numbering about 4.2 million, Overseas Filipino Workers contributed US$2.6 billion in 1994.

## Workforce development programs and policies

Workforce development policy in the Philippines is governed by the *Technical Education and Skills Development Authority* (TESDA), a division of the Department of Labor and Employment. The creation of TESDA in 1994 was meant to rid government of the unnecessary overlaps, turf wars and lack of coordination among the then leading manpower development offices and to bring to the right track the formulation, adoption and implementation of manpower development policies and programs.

TESDA is charged with formulating manpower and skills plans, setting appropriate skills standards and tests, coordinating and monitoring manpower policies and programs, and

providing policy direction and resource allocations for the technical-vocational education and training institutions in both the private and public sectors. TESDA's Board reflects the participation of multiple stakeholders, including six members from government and 13 from the chambers of commerce, organized labor, and private technical-vocational education and training schools.

One of TESDA's more strategic programs is the *Dual Training System,* which combines theoretical and practical training and takes place alternately in the school or training center and the company or workshop. Other programs range from the *Reformed Apprenticeship Program* to *Training Delivery for the Informal Sector*. These and others are described in the report.

The *Public Employment Service Office* (PESO) Program, begun in 1992, is another important initiative from the Department of Labor and Education. PESO functions as a one-stop service provider of labor information, training and employment. Out of the total 1,473 PESO offices established nation-wide, 96 percent are managed by local government units, while the rest are being maintained by NGOs. Since the program began, PESOs have assisted over 96,000 clients, of which 87 percent were placed for local employment.

TESDA has done much to sort out the problems which previously led to inefficient and incoherent policies and programs in the area of skills training. Responsibilities and boundaries are now more clearly defined, cutting down on the duplications, overlaps and turf wars which characterized the pre-TESDA period. This has paved the way for the re-shaping of skills programs to be more demand-driven and responsive to the needs of the market.

Priorities for future investments

Workforce development professionals who were interviewed for this report stress the need for the government to reorient itself towards greater facilitation work and standard-setting, rather than provider of social goods. These same professionals emphasize the need to sustain the positive business climate, and for government to seriously address the matter of extending social protection, especially social security, to the rural and informal sectors. Finally, they stress the need to continue developing policies which encourage relevant, responsive and demand-driven training.

There is now a deliberate shift in government workforce development policy towards quality training. Schools are increasingly being evaluated not just by the number of graduates they churn out but by the number of graduates that are employed.

The study outlines a variety of investment opportunities for the Philippine workforce development system:

**1. Capacity building in TESDA**

As the new lead workforce development agency, the *Technical Education and Skills Development Authority* is overwhelmed by the simultaneous demands of setting appropriate policies and standards, seeing to it that such policies and standards are implemented, and also providing technical education itself. Donor support to increase the capacity and capabilities of TESDA is needed.

**2. Institutionalization of PESOs**
The establishment of new *Public Employment Service Offices*, especially in high growth and depressed areas, is worth supporting.

**3. Intensifying the Promotion of the Dual Training System**
Although still a relatively new scheme, the Dual Training System has attained considerable recognition among industry sectors. It provides an effective means of partnership between schools, firms and trainees.

**4. Replication of successful NGO initiatives**
Programs such as the Ayala Foundation's *Integrated Recruitment, Training and Placement Program* and the *Laguna Employment and Manpower Development Council* should be replicated in other cities and towns throughout the Philippines.

Other suggested investments described in the report include:

**5. Rural Training and Productivity Enhancement**
**6. Education, Training and Retraining of Trainers**
**7. Support for Inclusivist and Collaborative workforce development Schemes**
**8. Formation of workforce development-Related Industry Associations**
**9. Establishing Region-Based Labor Market Information Bulletins and Systems**
**10. Support for Intermediation Service Providers**

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| **ACTETSME** | APEC Center for Technology Exchange and Training for the SME |
| **AFI** | Ayala Foundation, Inc. |
| **AFP** | Armed Forces of the Philippines |
| **AFTA** | ASEAN Free-Trade Area |
| **APEC** | Asia Pacific Economic Cooperation |
| **ARC** | agrarian reform communities |
| **ASEAN** | Association of Southeast Asian Nations |
| **AYF** | A. Yuchengco Foundation |
| **BIMP-EAGA** | Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area |
| **BLE** | Bureau of Local Employment |
| **BOI** | Board of Investments |
| **BOT** | Build-Operate-and-Transfer |
| **BRW** | Bureau of Rural Workers |
| **BSP** | Bangko Sentral ng Pilipinas |
| **BTVE** | Bureau of Technical and Vocational Education |
| **CAB** | Civil Aeronautics Board |
| **CALABARZON** | Cavite, Laguna, Batangas, Rizal and Quezon |
| **CHED** | Commission on Higher Education |
| **CTEC** | community training and employment coordinators |
| **DECS** | Department of Education, Culture and Sports |
| **DG** | Director General |
| **DOLE** | Department of Labor and Employment |
| **DOT** | Department of Tourism |
| **DTI** | Department of Trade and Investment |
| **DTS** | Dual Training System |
| **E-VAT** | Expanded Value-Added Tax |
| **EDCOM** | Congressional Education Commission |
| **EPZA** | Export Processing Zone Authority |
| **FIA** | Foreign Investments Act |
| **GATT** | General Agreement on Trade and Tariffs |
| **GDP** | gross domestic product |
| **GNP** | gross national product |
| **GO** | government organization |
| **GOCC** | government-owned or controlled corporation |
| **ICBPs** | industry capability build up programs |
| **IRTP** | Integrated Recruitment, Training and Placement Program |
| **LEMDC** | Laguna Employment and Manpower Development Council |
| **LGU** | local government unit |
| **MOU** | Memorandum of Understanding |
| **MWSS** | Metropolitan Waterworks and Sewerage System |
| **NAPOCOR** | National Manpower Corporation |

| | |
|---|---|
| **NBDB** | National Book Development Board |
| **NGO** | non-government organization |
| **NIE** | newly-industrialized economy |
| **NLRC** | National Labor Relations Commission |
| **NMYC** | National Manpower and Youth Council |
| **OFW** | Overseas Filipino Workers |
| **PACC** | Presidential Anti-Crime Commission |
| **PD** | Presidential Decree |
| **PERC** | Political and Economic Risk Consultancy |
| **PESO** | Public Employment Service Office |
| **PEZA** | Philippine Economic Zone Authority |
| **PLDT** | Philippine Long Distance Company |
| **PPA** | Philippine Ports Authority |
| **PRESEED** | Promotion of Rural Employment Through Self-Employment and Entrepreneurship |
| **RA** | Republic Act |
| **RP** | Republic of the Philippines |
| **SCCP** | sectoral skills certification program |
| **SEZ** | Special Economic Zone |
| **SME** | small-medium enterprises |
| **SPES** | Special Program for Employment of Students |
| **STTP** | Skills Training and Placement Program |
| **SWAP** | Summer Work Appreciation Program |
| **TAC** | Training Assistance Contract |
| **TCS** | Training Contract Scheme |
| **TDIS** | Training Delivery for the Informal Sector |
| **TESDA** | Technical Education and Skills Development Authority |
| **Tech-Voc** | technical-vocational |
| **TVET** | technical-vocational education/training |
| **UL** | University of Life |
| **UP** | University of the Philippines |
| **USA** | United States of America |
| **WCS** | World Competitiveness Survey |
| **WFD** | workforce development |
| **WHIP** | Workers Hiring for Infrastructure Projects |
| **WTO** | World Trade Organization |

# Chapter 1: Macro Setting of Philippine Workforce Development

## Contemporaneous Context

### Globalization and National Development

Current workforce development (WFD) in the Philippines takes place within the much larger context of an increasingly borderless international environment. Globalization has made economies more sensitive and influenced by the various developments occurring in distant lands. Within East Asia, for example, the recent fall of the Thai baht, the haze problem in Indonesia, and the political crisis in South Korea have effected wide-ranging repercussions in the internal and external postures of the countries in the region and elsewhere.[8]

How economies mobilize and enhance their respective human resources spell the difference in achieving and following through their national development agenda. Workforce development, that is, how economies harness their precious human resources (particularly, labor) to spur economic growth and competitiveness within the context of enhancing overall quality of life, is a backbone to promoting sustainable human and national development.

### Profile of the Wary "Cub"

From being known as the "sick man of Asia", the Philippines has registered a steady growth pattern in the 1990s, leading government leaders and other observers to believe that the country has finally attained its own version of the Asian miracle and has become the latest "cub" among the tiger economies. The country's gross domestic product continued its steady climb for the sixth straight year with its 5.1% increase in 1997. The GNP held on to its constant upward trajectory. It increased by 6.8 percent in 1996 as against about 5 percent the previous year and less than 1 percent in 1991.[9] For 1997, at a year when the economy has not been spared of the regional currency crisis, the GNP registered a 5.8 percent growth.

Philippine economic growth in the 1990s has been fuelled primarily by the double-digit rate of expansion in real investments, the steady massive inflow of dollar remittances from overseas Filipino workers (OFW) and inflation which remains at single-digit levels.

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[8] See, for example, "Companies Worldwide Suffer from Asian Currency Turmoil" in *Philippine Star*, 15 February 1998.

[9] From the *State of the Nation* speech of President Fidel Ramos delivered at Malacañang on 02 January 1997.

Philippine exports continued to grow by 18 percent in 1996 and by 23 percent in 1997.[10] According to a WTO survey, the Philippine posted the second fastest annual average export growth rate for the period 1990 to 1996, exceeding by 10 percentage points the world average of seven percent. Short-term borrowings have been kept to within 15 percent of total loan portfolio. The debt service ratio, as of January 1997 stood at only 12 percent, down from the 38 percent ratio a decade ago.[11]

Though not as extremely affected as neighbors Indonesia and Thailand, the Philippines is bracing up for the other possible deleterious effects of the currency turmoil plus the potentially inflationary and divisive national elections campaigning, and the compound impact of the El Niño phenomenon and the continuing political-economic jitters in Indonesia which impinge as well on the overall domestic business climate.

While average inflation for 1997 has been limited to no more than 6 percent, the fluctuations in the exchange rate suggest that the continuing previous pace of the economic growth will be difficult to maintain. While data on the economy's performance in 1997 seem to reflect sound economic fundamentals[12] (considering the currency crisis that first hit the region in July), government has been warned and appears to be heeding the call for financial prudence, belt-tightening measures and savings generation.[13]

**Macro-Economic and Socio-Political Pursuits**

As part of the Ramos Administration's Philippines 2000 development vision and strategy, the government has carried out a number of macroeconomic reforms and socio-political initiatives. It batted for economic competitiveness, liberalization and deregulation, and passed new laws and measures facilitating trade and foreign investments. Several state-owned enterprises (GOCCs) have been auctioned for privatization and monopolies in telecommunications, transport, banking and finance, construction, power, insurance, mining, among others, were dislodged as new industry players were given opportunities to operate and compete, consonant to the government objective of "levelling the playing field."[14]

The government has sought to further integrate the economy in the free market system, as it entered into landmark international economic accords such as the GATT-

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10 "Trade Gap Narrows to $10.7 B in 1997," in *Philippine Star*, 27 February 1998.

11 *State of the Nation* speech.

12 Consider, for example, the Philippines exports growth of 23 percent which is the world's highest in 1997 and overall investments from new and ongoing business concerns grew by 29.2 percent from P140 billion in 1996 to P181 billion in 1997. See "Exports Jump 23 Percent to $25 in '97" and "Corporate Investments Rise 41% to P60 B in 1997" in *Philippine Star*, 10 and 13 February 1998, respectively.

13 This includes, among others, the Executive Branch's requirement for a 25 percent from the non-personnel services of all government offices and the recent enactment of the Comprehensive Tax Reform Program, one of the International Monetary Fund's requirement for the country to exit IMF supervision by the end of March 1998.

14 Refer to Annex A, for a detailed sample of the competitiveness-related reforms undertaken by the Ramos Administration.

WTO and APEC, pushed for greater participation in other regional and sub-regional arrangements such as the AFTA (ASEAN Free Trade Area) and the BIMP-EAGA (Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area), and, right within its own borders, established numerous tariff-free growth centers.[15]

On the socio-political front, the Ramos administration launched a peace initiative with the different rebel groups taking cognizance that the other reforms will work only when the "house has been set in order."[16] The government has concluded peace agreements with the military dissidents belonging to the Reform the AFP Movement and the secessionist Moro National Liberation Front. While the same peace accord remains elusive with the communist-led National Democratic Front and the Islamic Moro Islamic Liberation Front, government peace efforts with these marginalized sectors continue.

**Poverty and Social Reform**

Despite the economic gains and the political stability it has achieved, the Philippine government concedes that the improvement in the quality of life of the Filipinos is far from what is desirable. Some 33 percent of the total population still fall below the poverty threshold. Wealth remains unevenly dispersed with the poorest 20 percent of the population sharing about 5.2 percent of total income while the richest 20 percent owns more than half of the same.[17]

As part of following through its avowed anti-poverty campaign, the Philippine government has unveiled its "Social Reform Agenda." Among its premises, the SRA recognizes the contribution of the workforce to development, and, as such, bats for the expansion of jobs and skills training opportunities and the implementation of a more responsive delivery of basic education.[18]

Agrarian reform, the centerpiece program of the previous Aquino government, is being sustained. Beyond land redistribution provided for in the Comprehensive Agrarian Reform Program, agrarian reform communities (ARCs) are being harnessed to help farmer-beneficiaries increase their productivity. Support services are given to the ARCs which include new farm to market roads, post-harvest facilities, technology transfer, credit assistance, and revitalization of farmers' organization.[19]

The government has also vouched for small and medium enterprises. SMEs comprise 90 percent of the total number of enterprises and employ 40 percent of the

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15 See "Ranking the Growth Centers" in *Philippines Yearbook 1998*, pp. 184-192.

16 This has been an oft-repeated phrase and theme by President Ramos and his National Security and Presidential Security Adviser Jose T. Almonte.

17 Culled from Table 1E of the *1994 Family Income and Expenditures Survey: Final Results* (Manila: National Statistics Coordination Board, 1995).

18 From "The Road Ahead," President Fidel Ramos' state of the nation address in June 1997, excerpted in the *Philippines Yearbook 1997* (Manila: The Fookien Times, 1997), pp. 90 & 92.

19 *Ibid.*, p. 90.

workforce in manufacturing. To date, the Small Business Guarantee and Finance Corporation, one the principal government agencies assisting the SMEs has facilitated the sector's availment of around P3.4 billion worth of loans which in turn have generated an estimated 20,000 new jobs in three years.[20]

**Core Philippine Workforce Development Environment**

**Select Labor Force-Related Demographics**

The Philippine population, by the end of 1996 was estimated at 71 million with the average growth rate pegged at 2.3 percent. The age structure is relatively young with 38.3 percent of the total population below 15 years old. High age (Table 1) and economic dependency ratio are estimated at 3.4 percent and 42.2 percent, respectively.[21]

The labor force has always been dominated by the male, with the latest figure pegged at 62.67 percent of the total labor force of about 42 million. Note, however, that the female labor force, at 37.33 percent, ranks among the top 40 in the world.[22] The female labor force is least present in the industry sector but is most dominant in the services sector (Tables 2 to 2C).

Unemployment has been on a steady decline since 1992 (Table 3). It reached its lowest at 7.4 percent in 1996. In 1997, however, the regional currency crisis has caused the rate to rise slightly to 7.9 percent.[23] Underemployment has similarly been on a decline. From a high of 22.4 percent in 1990, it has reached a record low of 18.7 percent in October 1996.[24]

By occupation, the share of agriculture in the labor force is slowly ebbing, from 45.20 percent in 1990, to 42.55 percent in June 1996 (Table 4). The opposite trend is occurring in the industry sector, from 20.07 percent in 1990 to 22.73 percent, also in June 1996. The service sector has had a quite steady share in the same period, hovering from a low of 33.08 percent to a high of 34.69 percent.

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[20] "Resiliency of RP Economy Anchored on Small Firms" in *Philippine Star*, 02 December 1997. RP's advances in SME development is affirmed by no less than the members of the Asia Pacific Economic Cooperation (APEC) members which caused the establishment during the 1996 Manila Summit of the APEC Center for Technology Exchange and Training for the SMEs (ACTETSME) in Los Baños, Laguna. The Center aims to provide "relevant, authoritative, and accessible information to SMEs, SME organizations, and government agencies mandated to promote and assist SMEs in the region. See "RP Takes Lead Role in Pursuing SME Concerns," in *Top 1000 Corporations in the Philippines 1996* (Manila: BusinessWorld Research, 1996), p. 14.

[21] *Key Indicators of Developing Asian and Pacific Countries 1997* (Manila: Asian Development Bank, 1997), p. 6, for the population figures and *The World Competitiveness Yearbook 1997* (Lausanne: International Institute for Management Development, 1997), p. 449, for the dependency ratios.

[22] *World Competitiveness Yearbook 1997*, p. 452.

[23] See "Inquirer Monitor", *Philippine Daily Inquirer*, 26 February 1997, citing DOLE and NSCB sources.

[24] As per most recent data available to the author. See *Philippine Alert*, January-February 1997.

In contrast to its labor force share, agriculture's share in real GDP has declined from 22.38 percent in 1990 to 21.61 percent in June 1996 (Table 5). The industrial sector has been posting a higher contribution at no less than 34 percent for the period 1990-June 1996. The service sector has consistently accounted for more than 42 percent. Among the three sectors, service has registered the fastest and most consistent growth rate, from a mere 0.1 percent of real GDP in 1991 to 6 percent in 1996 (Table 6).

By class of workers, wage and salary workers constitute the majority, further increasing from 44.9 percent in 1992 to 47.2 in July 1996 (Table 7). The informal sector has perennially been on a decline, from a high of 22.42 percent in 1975 to a low of 14.92 percent in 1996.

**Overseas Filipino Workers**

A unique feature of the Philippine workforce landscape is the very substantive role which overseas employment plays in the economy, particularly in the balance of payments. Overseas Filipino Workers (OFWs) have contributed immensely to the economy, from a low of US$103 million in 1975 to a high of US$2.6 billion in 1994.[25]

The OFWs are sub-divided into two groups: land-based and sea-based. Starting from a small group of only about 3,700 workers in 1969, the total number of OFWs per official estimate reaches to about 4.2 million in 1995.[26] The official number of OFWs deployed in a single year reached its peak of more than 719,000 in 1994. Although registering a first-ever decline in 1995 to about 654,000, the OFWs chalked up their largest share in total employment, about 3.9 percent.

As conceived during the height of the oil crisis in the 1970s, the overseas employment program was meant to be a stop-gap measure to address problems of high unemployment and to generate needed foreign exchange. The government would want to modify that policy, "from one that uses labor contract migration as a tool to address labor surplus, to one of effectively managing worker outflow."[27] Government planners, however, concede that such a reversal could only be made possible so long as viable alternative livelihood/employment opportunities are created and nurtured. Though this is not likely to be achieved overnight, government planners are hoping that the package of reforms, legislation and initiatives introduced by the Ramos administration will have generated its own momentum such that the succeeding government or its local political critics will have to only follow up or buttress the sound policies and programs.

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[25] As per latest data available to the author. See *Effects of Globalization on Child Work in Selected Philippine Industries* (Manila: Institute for Labor Studies, July 1996), p. 59, citing figures from *Bangko Sentral ng Pilipinas, Philippine Overseas Employment Administration* and *Bureau of Labor Statistics*.

[26] *Effects of Globalization on Child Work in Selected Philippine Industries* (Manila: Institute for Labor Studies, July 1996), p. 16.

[27] *Ibid.*, p. 17.

# Chapter 2: Philippine Workforce Development: Policies, Programs and Prospects

## The Policy Framework

The overarching policy and legal framework on the labor sector is provided for in the 1987 Philippine Constitution, the amended 1974 Labor Code, and other social legislation and executive policy issuances of the Philippine government.

The 1987 Constitution spells out the fundamental policy guidelines which the State is called upon to apply relating to workforce concerns. While championing the cause of improving the quality of life for all Filipinos (Article II, Section 9), the Charter specifically affirms the role of labor as "a primary social economic force" and bats for the balanced promotion of labor rights and welfare covering self-organization, collective bargaining and negotiation, peaceful concerted activities, security of tenure, humane condition of work, living wage and participation in policy and decision-making processes affecting labor rights and benefits.

The above-cited rights go in tandem with the State's recognition of the right of enterprises to reasonable return on investments, and to expansion and growth.[28] Specific groups, such as farmers and women workers, are also accorded special rights which include the right to participate in the planning, organization and management of programs affecting them and the provision of support to agriculture through appropriate technology and research, adequate financial, production, marketing and other support services, and the right to safe and healthful working conditions and welfare enhancement opportunities, among others.[29]

The 1974 Labor Code, as amended, consolidates the diverse laws on employment promotion, manpower development, standard setting and labor relations. The Code stipulates, among others, as State policy the promotion of collective bargaining and negotiations, free unionism, worker rights and responsibilities and industrial peace.[30] Where there may be issues or situations not particularly covered by the Constitution and/or the Code, the Department of Labor and Employment (DOLE) is responsible in crafting the necessary recommendations and their implementing rules and guidelines. From its traditional role of promoting industrial peace, through the enforcement of labor standards, the DOLE in the early 1980s has metamorphosed to become a promoter of employment and advocate of workforce development.

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28 *1987 Philippine Constitution*, Article XIII, Section 3 on Social Justice and Human Rights.

29 *Ibid.* Article XIII, Section 5 on Social Justice and Human Rights.

30 See Annex B for a sample detailed elaboration of the *Code*'s provision.

## The Ramos Administration's Perspective on Workforce Development

From the vantage point of the current administration, there seem to be no doubt as to the imperative of workforce development. Even before being elected into office, Mr. Ramos harped on people empowerment. That empowerment denoted conducing the right environment that would allow the people to make decisions that shape their lives. Specifically relating to the labor sector, its development and competitiveness, Mr. Ramos, on several occasions, has maintained:

> We have been told time and again that growth does not reach our poor. We cannot argue with numbers. There are still millions who live in poverty and deprivation in our country. However, growth is touching the lives of more and more of them everyday.
>
> ... Growth does not take place in a vacuum. New and productive enterprises require new workers. ...
>
> But to sustain growth we must invest in our people. Our most important investments should be reserved for the education and health of our youth. ... Our human resources contribute tremendously to economic growth, so we must train our people to be more productive and self-reliant..[31]

## Major Workforce Development Thrusts

### Workforce Education and Training for Competitiveness

Among the many line agencies of the DOLE is the Technical Education and Skills Development Authority (TESDA) which was created by Republic Act 7796 of 1994 (RA 7796). The creation of TESDA was particularly meant to rid government of the unnecessary overlaps, turf wars and lack of coordination[32] among the then leading manpower development offices and to bring to the right track the formulation, adoption and implementation of manpower development policies and programs. The offices that were integrated to form TESDA were: (1) the National Manpower and Youth Council (NMYC); (2) the Bureau of Technical and Vocational Education of the DOLE, the Bureau of Technical and Vocational Education (BTVE) of the Department of Education, Culture and Sports (DECS); and (3) the Apprenticeship Program of the Bureau of Local Employment of DOLE.

Beyond settling parochial inter-departmental disputes, the TESDA law constituted "a policy reform that seeks to foster global competitiveness, sustainable development and

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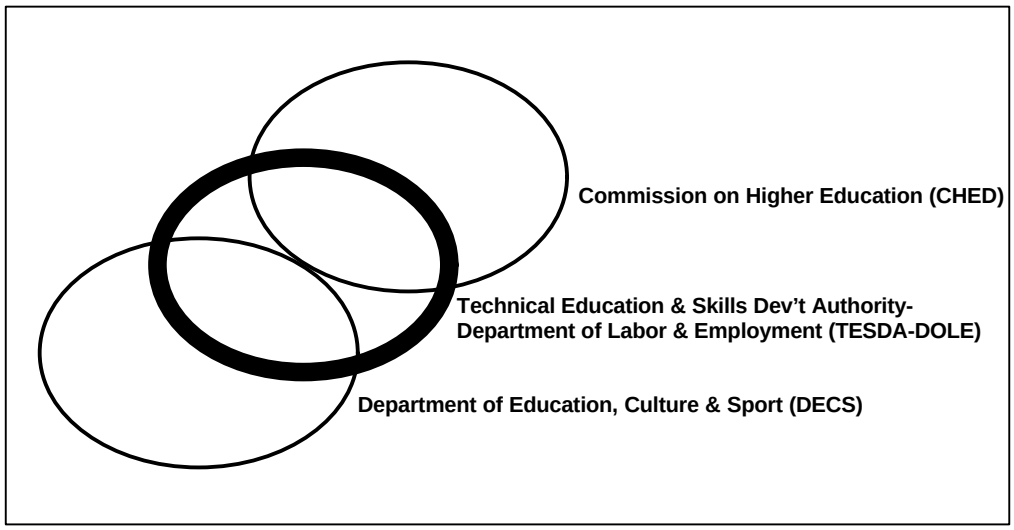
31 "The State of the Nation," p. 84.

32 These were identified by the *Congressional Education Commission Report* (EDCOM) which recommended the founding of TESDA.

people empowerment ... at strengthening and making the Filipino workers highly competitive in the face of a rapidly changing environment."[33]

**Figure 1. PRIMARY GOVERNMENT INSTITUTIONS ON WORKFORCE DEVELOPMENT**



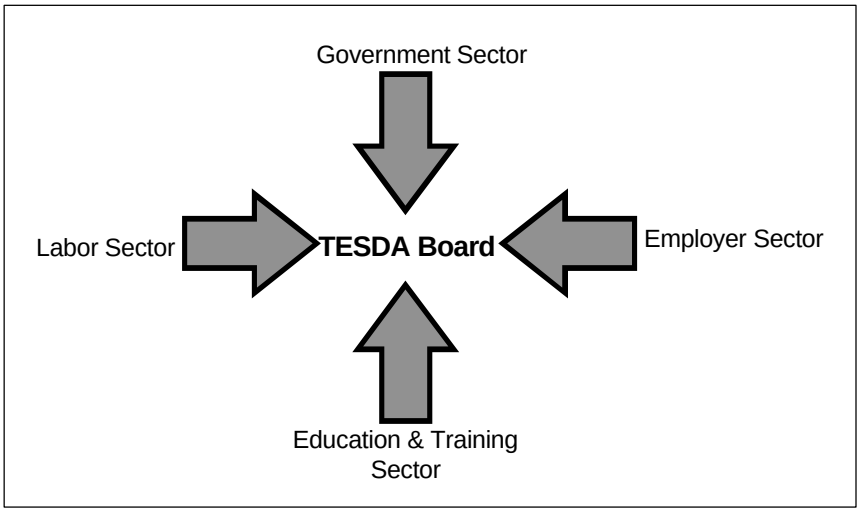

Overall, TESDA is charged to formulate manpower and skills plans, set appropriate skills standards and tests, coordinate and monitor manpower policies and programs, and provide policy directions and guide resource allocation for the technical-vocational education and training institutions in both the private and public sector.[34] TESDA-DOLE, thus, is the primary government agency on workforce skills development in the country (Figure 1). The DECS and the Commission on Higher Education (CHED), while mandated to oversee basic and higher education concerns, respectively, functionally coordinate with TESDA.

A most distinguishing by-product of TESDA creation is that it has made workforce development planning unitary in character. Jose D. Lacson, TESDA's founding and current Director General, defines the new regime as one where "duplications are minimized" and where "we could integrate."

[33] Excerpts of a speech delivered by President Ramos cited in *TESDA Annual Report 1995*, p. 2.

[34] *TESDA Annual Report 1995* (Manila: Technical Education and Skills Development Authority, 1995), p. 4.

**Figure 2. TESDA BOARD COMPOSITION**




At the onset, TESDA has opted for an inclusivist tact as it sought the participation of stakeholders in workforce development. It has begun to institutionalize this, as reflected in composition of the 19-member TESDA Board, where only six come from government and the rest, the remaining thirteen members, come from the chambers of commerce, organized labor, and private technical-vocational education and training (TVET) schools (Figure 2). This institutionalization thrust is documented in TESDA's eight-point reform agenda which includes:

> ... involvement of industry in manpower development through projects such as the industry boards, apprenticeship programs, dual-tech training schemes, and recognition of private sector skills training initiatives. The leadership of industry in skills development is crucial as industry is in the best position to give the signals on the skills that are most needed in the market.
>
> ... involvement of NGOs and other similar institutions in the delivery of training services to workers in the informal and agricultural sectors.
>
> ... involvement of local government units, chambers of commerce, employers association, trade unions and other related institutions in manpower planning and coordination.[35]

With the new-found partnership, DG Lacson asserts, the private sector is now willing to cooperate with government and tech-voc institutions. They realize that indifference will mean losing, particularly in "policy formulation, decision-making and setting of standards."

Among TESDA's more strategic programs are the following:

**Dual Training System (DTS)**. The DTS is one of TESDA's flagship programs. It is a mode of training which combines theoretical and practical training and takes place

[35] *TESDA Annual Report 1995*, p. 4.

alternately in the school or training center and the company or workshop.[36] It is a product of Republic Act 7686 of 1994 which called for the institutionalization of dual training in accredited public and private educational institutions, training centers, and agricultural, industrial and business establishments. The rationale is to expose the trainee with the general and occupation-related theoretical instruction and hands-on shopfloor training. The DTS require the participating schools and companies, *ab initio,* to submit a joint training plan which they intend to offer their potential trainees.

Through the DTS, trainees receive relevant trades training and increase their employability potential while at the same time receiving a decent allowance from the sponsoring companies. While participating schools get to orient curriculum and instruction to industry needs, they are also able to tap and make available to their students current and modern trade tools, equipment and facilities. Companies, on the other hand, benefit as they could avail of the tax deductible incentives and entitlements of DTS (e.g. tax-free importation of equipment and materials). Moreover, they could immediately tap the trainee graduates who could easily satisfy their manpower qualifications.

**Reformed Apprenticeship Program**. The program is a carry over from the previous apprenticeship scheme supervised by the Bureau of Local Employment (BLE). The new scheme is tailored for occupations allowing apprenticeship.[37] Employers provide trainees both practical and theoretical instruction. The program is intended for trainees to imbibe company-specific requirements and standards, and thus by the end of the apprenticeship would have become skills qualified to the company and to the industry.

**Training Contract Scheme (TCS)**. The TCS is aimed at increasing the participation and rate of investment by industry in training-related activities. Since 1995, more than a hundred regional-sectoral industry capability build up programs (ICBPs) have been implemented with about 10,000 trainors trained in various levels of competencies.[38]

**Networking with Formal and Non-Formal TVE Institutions**. As the principal office mandated by law to oversee the administration of formal technical vocational education and training programs of the various institutions in the country now numbering to about 1,500. TESDA is in the process of finalizing a system for accreditation, coordination, integration, monitoring and evaluation of these institutions vis-à-vis the approved national technical education and skills development program.[39] TESDA conducts regular and special dialogues, workshops and consultations with these institutions to solicit their suggestions, feedback and other responses relating to the provision of human resources training and development.

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[36] *Get to Know the Dual Training System*, an introductory brochure published by TESDA.

[37] "A Partnership with TESDA Makes Business Sense," a TESDA brochure.

[38] ICBP beneficiaries consists of the following sectors: hotel and restaurant, utilities, metals and engineering, furniture, gifts and housewares, wood products, footwear and leathergoods, automotive, printing, construction, shipping, electronics, and paper products. For other details, see *TESDA Annual Report* for 1995 and 1996.

[39] See *TESDA Annual Report* for 1995 and 1996.

**Training Assistance Contract (TAC)**. The TAC is intended to broaden and increase the participation of tech-voc and agricultural training institutions. This includes: (1) providing courses for teachers to gain industrial exposure and to introduce them to the latest technologies in their fields; (2) trade-testing of teachers to improve their competencies; and (3) extending financial assistance and scholarships to promising TVET institutions and school heads.

**Training Delivery for the Informal Sector (TDIS)**. This entails the training of community training and employment coordinators (CTEC) of the different LGUs who in turn will train LGU participants. In 1996, there were a total of 272 TDIS-trained CTEC who subsequently passed on relevant instruction to more than 70,000 trainees at the LGU level.

**Sectoral Trade Testing and Certification**. The scheme calls for the involvement of sectoral groups and associations in the certification of industry specific trades and skills. The sectoral skills certification program (SCCP) accredits and provides technical assistance to sectors/associations which undertake and finance their own skills certification programs.

**WTO/GATT-Responsive Training and Re-Training**. This thrust is in anticipation of the likely impact and adjustments that may stem from the establishment of the World Trade Organization (WTO). The program which is funded under the GATT budget aims to help workers and private enterprises adapt to the increasingly competitive environment. The specific component projects cover retraining of displaced workers, skills training for rural non-farm productivity, skills training for workers in export-oriented SMEs, and skills upgrading of industrial workers.[40]

## Employment Facilitation

Employment facilitation has become one of the cornerstones of the DOLE. While the Department of Trade and Investment (DTI) takes the lead in attracting investments,[41] the DOLE spearheads employment facilitation primarily through its Public Employment Service Office (PESO) Program which commenced in March 1992.

The PESO Program is the DOLE's response to the perceived limitation in the employment service delivery mechanism of government.[42] The Program is community-based and is implemented through local government units and non-government

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[40] *TESDA Annual Report 1995*, p. 11.

[41] Interviewees from the DOLE's Institute for Labor Studies maintain it was only recently when the Department of Trade and Industry has come to grasp to the need for DTI to consciously relate investment programs to that of job creation. Whereas previously, DTI would just go on pure investment/business promotion, now it has more explicitly factored in employment generation in its campaigns.

[42] *Efficacy of Selected Labor Market Reforms in Promoting Globalization wit Equity: the Philippine Case*, (Manila: Institute for Labor Studies, 1997), p. 9.

organizations. The following regular services are offered in the PESO: local employment facilitation, overseas employment facilitation, employability enhancement, and livelihood and self-employment facilitation.

The PESO also performs support services such as labor market information, employment counselling and testing.[43] It essentially functions as a one-stop shop service provider on labor information, training and employment. To carry on its facilitation task, the PESO solicits the help of the various firms and enterprises in the locality and publicizes available job openings and skills training. The PESO also maintains and updates an information database of its employment clients (*ala* job placement office), and the type of skills/workforce available and needed in the area. It furthermore serves as a job clearing office which matches industry labor demand and supply at the ground level.[44]

The PESO offices are established in the different municipal, provincial and city units. They are linked to the regional offices of DOLE for coordination and to the DOLE central office to constitute the national employment facilitation network. While the creation of local PESOs is usually initiated by the DOLE local office, the end-result where either the LGU or local NGO eventually sponsors or adopts the PESO indicate the quite painstaking process which the DOLE representative would have to go through for PESOs to take root. All the operational PESOs contribute to the development and maintenance of the National Manpower and Registry System. The System puts together information on job seekers registering in various PESOs and provides a computerized database to prospective employers and other users.

The apparent effectiveness of PESOs may be gleaned from the Bureau of Local Employment's report for the first semester of 1995.[45]

- Out of the total 1,473 offices established nation-wide, 96 percent are managed by the local government units (LGUs), while the rest are being maintained by NGOs.

- PESOs assisted some 96,562 clients in the period out of which 87 percent were placed for local employment.

- Self-employment assistance was extended to about 5,249 clients while training help was extended to about 4,300 individuals.

- Applicants deployed overseas assisted by the PESOs numbered 3,100.

Other undertakings of the PESO include: job fairs, livelihood and self-employment bazaars, special credit assistance for placed overseas workers, national manpower registry,

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43 *Ibid.*

44 Much of this information were culled from interviews with the different labor officials, especially the Bureau of Local Employment's Ms. Zenaida Contreras.

45 *Employment Service Publication* (Manila: Bureau of Local Employment, 1995), pp. 1-2.

special program for employment of students (SPES), summer work appreciation program (SWAP), and workers hiring for infrastructure projects (WHIP).

But as PESOs are established at the DOLE's initiative and are not mandated by law, their adoption and institutionalization depends heavily on the discretion the local GO or NGO. The PESOs thus lack permanency in terms of location, staff and budget. DOLE interviewees lament the fact that PESOs are seldom manned by staff dedicated to the PESO tasks. Often PESO functions are dispensed by the local government staff "who does other things and who attends to other equally pressing needs of the LGU." In responding to this issue, President Ramos, upon the recommendation of the DOLE together with other offices concerned with livelihood and employment, has certified a bill which will institutionalize the PESOs' delivery of basic services. The bill, however, continues to wait for Congressional deliberation and approval.

## Promise and Problems

### Increasing Recognition of Philippine Workforce

While in the past, particularly during the Marcos regime, the country was not a stable production base ~ owing to the repressive nature of the government then, when labor was one of the more common victims ~ recent surveys point to the improving recognition of Philippine workforce.[46] This is indicated, for example, by results of studies published by reputable international institutions such as the International Institute for Management Development, publisher of the *World Competitiveness Survey* (WCS), and the region-based Political and Economic Risk Consultancy (PERC). The 1997 WCS rated Philippine skilled labor as *numero uno* in the world garnering a score of 7.93 out of a possible perfect score of 10. The second ranked country, Belgium, scored 7.64 while developed countries and NIEs such as the USA, Japan, Singapore and Hongkong scored a distant 6.16, 6.10, 5.26 and 5.24 respectively.

In the PERC study published on 27 August 1997, the same positive stature of Philippine labor was affirmed by PERC respondents' who gave RP the highest rating (Table 9) when it comes to quality, cost and availability of skilled labor, and the highest average rating of 2.32 among the countries/economies survey which included regional economic powerhouses and tiger economies-in-the-offing. The survey finding was consistent with an earlier related PERC survey (Table 10) which placed the Philippines second overall, next only to Japan in possessing the characteristics deemed desirable in Asian Labor. If skills Olympics are to be used as indicators, then again, Philippine labor would receive accolades with its decent standing in recent years where it garnered top position in the ASEAN Skills Competition.

[46] *Asian Intelligence [Labor Cost, Quality and Availability]* (Hongkong: Political and Economic Risk Consultancy Ltd.), p. 10.

Among the countries in Asia, the Philippines has had the highest proportion of university-educated workers. More than 35 percent of Filipinos of university age are in school and this has been the trend for more than two decades. Philippine labor ranks far ahead of its regional neighbors which have an average of 12-15 percent of young adults receiving post-secondary education.[47]

About 26 percent of tertiary students in the Philippines are enrolled in a commerce/business course, while about 14 percent and 13.8 percent are taking up medical & health-related programs and engineering & technology, respectively (see Table 11 for the actual figures).[48] PERC maintains that "by sheer numbers the Philippines is outpacing other nations in producing employable graduates" and that despite the decline in the quality of education, in general, "the standards of education are comparable to those in most other Asian countries."

**Debate on Quality Graduates and Workforce**

Internally, there is continuing soul-searching as to the quality of Philippine education. Some, like Fr. Bienvenido Nebres, S.J., president of the Ateneo de Manila University and chairman of the Commission on Higher Education (CHED) technical panel for science and mathematics, view that despite RP's comparatively high number of tertiary graduates, most of the East Asian NIEs have surpassed the Philippines in terms of the quality of its top-level people.[49] They are rather more sanguine in pointing out "while the local educational system has been successful 'to some extent' in meeting the needs of industry, there appears to be a 'genuine mismatch' between the kinds of jobs being offered and the people looking for work."[50] Fr. Nebres maintains that a disequilibrium between demand and supply in the labor market is particularly obvious in managerial and technical positions. He asserts that a quick look at the classified ads would show there are lots of jobs, on the one hand... On the other hand, you have lots of people looking for jobs."[51]

Others, such as Dr. Emil Javier, president of the University of the Philippines, are more pollyannaish. Javier observes:

> There are many Filipinos who go to college. Although some are janitors or domestic helpers in other countries, many are engineers, technicians, doctors, professionals and managers. The fact that so many countries are willing to employ professionals is an indication that despite its many problems, the Philippine educational system must be doing something right in terms of making Filipinos globally-competitive.[52]

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47 *Ibid.*

48 *Philippine Statistical Yearbook 1997* (Manila: National Statistics Coordination Board, 1996).

49 "Ready for Global Competition" in *Philippines Yearbook 1997* (Manila: The Fookien Times, 1997), p. 125.

50 "Firms, Schools Push for Effective Job Matching" in *Top 1000 Corporations 1997* (Manila: BusinessWorld Research, 1997), p. 16.

51 *Ibid.*

52 *Philippines Yearbook 1997*, p. 125.

All things considered, the state of Philippine education has been attracting the attention of both the government and private sector. The DECS, for one, which is in charge of primary to secondary education has received continuous increments in its budget, and maintained topmost rank in terms of total government allocation. These increases though appear not enough to immediately arrest the erosion that has affected the education system at large. Even now that the government has already upgraded the salaries of public school teachers so as to attract new graduates and to discourage teachers from seeking jobs abroad, it would take some time before the gaps are filled.

At the moment, DECS and the other educational agencies continue to contend with the still limited resources. It continues to wrestle with mundane, down-to-earth issues such as the need for some 9,000 more teachers, 27,000 classrooms, and 8,000 textbooks.[53] For its part, TVET through TESDA is closely following suit the budget trajectory of DECS. While it has been allotted an annual average of P200 million since 1995, for fiscal year 1998 there are indications, according to DG Lacson, that it could receive the budget it is asking Congress to appropriate, around three billion pesos.

**Agreement on Quality Education Issue**

Transcending the differences between the two schools on the state of Philippine education, the protagonists recognize the need to continue striving to raise the quality of education. This includes arresting the school children's slowly waning proficiency in English, the language of international commerce, science and information technology, offering curriculum that are relevant to the workforce needs of the industries and continuously reviewing and enhancing instruction and making available the basic instructional materials.[54]

The opinions of observers, such as Mr. Bob Wihtol ~ a TVET specialist at the Asian Development Bank, go along the line of the above perceived areas of concerns. He identifies the more problematic issues which TVET in the country must address as follows: (1) managing the transition for the newly-established TESDA in terms of doing policy and setting the standards; (2) improving the quality of the TVET provision which includes improving manpower, resolving the brain drain of people high-tech areas and the OFW drain; and (3) regulating private TVET providers so that capitalistic motives are checked and the fields they cover and their quality of instruction correspond to the demands of the market and the country's development thrusts.[55]

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[53] *Philippines Yearbook 1997*, p. 125.

[54] DECS educator-officials interviewed by the author themselves agree to this. They bewail the shift in the medium of instruction in the primary and secondary from English to the vernacular, Pilipino. This has led to the erosion of the school children's facility with the international language.

[55] It is in the light of these issues that the ADB is seeking to assist the Philippines. A proposal for an ADB loan is being studied as of this writing. The precise components, amounts and implementation timing are yet to be firmed up.

Upgrading teaching and curriculum in the institutes of higher learning is equally crucial as how they dispense their education mission affects how Filipinos would fare in seeking top management and technology posts. It is a fact of life that companies in the country and in the region still prefer managers with some post-graduate or specialized training. People like CHED Commissioner Angel Alcala cite the good ratings Filipinos get as managers in the country or abroad. However, as to the proportion of good managers, the mismatch identified earlier by Fr. Nebres indicates a pressing problem. In fairness to CHED which has only recently assumed responsibility for higher [56]education, its has, among others, commenced laying down the standards for higher education accreditation and is implementing a crackdown on colleges and universities which fail to meet the benchmarks it has set.[57]

The same holds true in the field of tertiary technical education. While the country may in numbers have a sizeable inventory of engineers ~ on average there are over 25,000 engineering graduates per year ~ that only 7,000 or 14 percent get to pass their board examinations does not speak well of the system. Part of the reality of the job market is that those who do not pass licensure tests settle for positions requiring lower qualifications.[58] This also exacerbates the perceived underemployment and unless resolved contributes to the de-skilling of labor.

[56] CHED is a recent creation as it was founded no more than three years ago, and supersedes DECS in overseeing tertiary and graduate education in the country.

[57] These include, for example, non-accreditation of institutions which fail to meet the set standards and penalties and other disciplinary measures on schools which perennially fail to produce graduates who pass the professional board licensure examinations.

[58] This was elaborated by Dr. Reynaldo B. Vea former dean of the UP College of Engineering and chairman of the CHED technical panel for engineering, architecture and maritime education. "Firms, Schools Push for Effective Job Matching" in *Top 1000 Corporations 1997* (Manila: BusinessWorld Research, 1997) p. 16.

## Opportunities and Challenges in Philippine Workforce Development

Overall, the plethora of structural and policy reforms in the country, particularly the attempt to clarify the functional demarcations and responsibilities among the front-line agencies of workforce education and training conduce toward better, if not more effective, planning and implementation of WFD initiatives.

Having resolved the inter-relationships of the various workforce stakeholders, as what TESDA has done, paves the way for the programs to be demand-driven and increases their chances of success. As trainings toward either wage-employment or self-employment becomes more industry-responsive and market-sensitive, enlisting the participation of the immediate beneficiaries, the workers, the employers and/or entrepreneurs, in turn, becomes less difficult.

Among the non-government WFD supporters, providers and facilitators interviewed for this study, demand-driven design, along with other features (such as leadership & accountability, open access, skills portability, continuous improvement, partnerships, sustainable financing, replicability, and economic and social impact), figured prominently in co-determining the success of the undertakings.

- The case, for example, of the Meralco Foundation (MFI) which has had more than three decades of involvement in manpower training is instructive not only in affirming the need for training to be demand-driven but also for training schemes to be partnerships that respond to the needs of the participating individuals and sectors.

  The MFI has made sure that center-based hands-on training and industry-site exposures (part of dual-training) formed part of its diploma courses. As such, it has agreements with corporate partners, ensuring that the skills developed by its trainees are responsive to the needs of the concerned industry. Continuous program improvement is done, particularly via periodic feedback and evaluation from among MFIs internal and external clients, industry partners, granting institutions and consultants, among others. The partnerships and constant evaluation helps ensure that the courses not only satisfy market needs but also the work ethic and values standards Meralco has set to instil among its trainees.[59]

  The AFI, on the other hand, owing to the multipartite nature of its WFD schemes has had an equally enviable measure of success. Having enlisted the commitment of potential corporate employers into its Integrated Recruitment and Training Program

[59] This was underscored by Mrs. Raquel Daigdigan, Head of Meralco's Ed-Tech Department, with the author during the interview. She pointed that this approach has caused trainees to acquire not just the basic skills but even higher level capabilities and work aptitude which helps guarantee the trainees' industry absorption and career path after graduation.

(IRTP), the AFI has been able to tailor its training to the expressed needs of the targeted employer/industry partner. Thus, matching supply with demand.

- The A. Yuchengco Foundation (AYF) which is relatively new in the field of WFD facilitation via skills training and placement has its STPP (the Skills Training and Placement Program) now anchored on knowledge of what particular skills are demanded by the market.

  At first, the AYF mis-estimated the needs of its subsidiary and corporate partners. It tailored its training on basic or entry level skills only to discover that its partners actually needed workers qualified for higher level work. Taking its lesson to heart, the AYF exerted effort the next time around to ask more details, resort to further consultations and industry research to validate the requirements of its targeted partners (in this case, those in the tourism industry). As a result, all second batch trainees, save for those which preferred non-AYF partners, were absorbed as planned.

- The AFI, in its Laguna Employment and Manpower Development Council (LEMDC) project, similarly enlisted the active participation of all concerned sectors in the Laguna technopark. Having patiently done so, the project becomes a "community" undertaking where their respective self and superordinate goals are reconciled and pursued.

- The Bureau of Rural Workers (BRW) also has followed the same track in soliciting the help of the local government, the local enterprises and farm workers in conducting trainings and rural projects to secure as much positive community results. The BRW knows from experience that failure to secure cooperation would lead to the failure of their rural training, in general.

- The DECS, especially as it continuously conducts tests on new curriculum and special courses, has gone on an inclusivist mode. Cases in point are its introduction of special courses on women in society, human rights, graft and corruption, and peace and development. Without the cooperation and acceptance of the teachers, principals and superintendents, the effectiveness of the courses will be undermined.

The current workforce development milieu in the Philippines as evidenced by the confluence of positive legal, political, economic, and social factors is auspicious to pushing further at a higher plane the development of the workforce. Unlike in the past when most plans, in the words of one interviewee, were merely "sawsaw" or half serious efforts, the time is now conducive for real "blood, sweat and tears" programming.[60] Global and domestic forces impel the Philippines to do good in its workforce development.

[60] Words in quotes come from Fin Torres, Director of the Bureau of Rural Workers, DOLE. These were mentioned to the author during the interview.

On top of the education and training aspect of WFD, interviewees, in general, note the need:

- for government to reorient itself towards greater facilitation work and standard setting than provider of the social goods relating to WFD;

- to sustain the positive business climate, as workforce development could only be sustained when business continues to grow;

- to co-opt even more the local government units, particularly the local executives who could serve not just as political leaders but as development managers who are expected by their constituencies to generate deliverables in terms of livelihood and other opportunities towards improving quality of life; and

- to seriously address the matter of extending social protection, especially social security, to the rural sector and to the informal sector.

There is a deliberate shift now, as cited by DG Lacson, towards quality workforce training. Government is gearing schools, particularly the TVETs, towards quality-orientation. The system is being put in place in such a way that schools are evaluated "not just by the number of graduates they churn out but by the number of graduates that are employed."[61]

The opportunity is present for greater public-private partnerships (which could include the national government, local government, business, labor and affected sectors) where the partners identify define common interests and priorities and craft the necessary schemes in pursuing them.

The case of the AFI's intermediation leading to the formation of the Laguna Employment and Manpower Council (LEMDC) is illustrative and worth emulating. Though largely a non-government undertaking, it has eventually been recognized and even appointed as the counterpart of TESDA at the provincial level. Although at its fledgling state, the LEMDC serves as a potent WFD mechanism. Through the deliberate involvement of the economic stakeholders in the Laguna technopark:[62]

- workers are assured of above minimum wage/salaries, continuous contract, a career path and access to skills upgrading;

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[61] This was particularly given emphasis by DG Lacson during the interview.

[62] The LEMDC is the most recent larger scale WFD undertaking of the Ayala Foundation, Inc., according to AFI manager, Ms. Suzette Pido. It takes off from the Foundation's successful Integrated Recruitment, Training and Placement Program (IRTP). The LEMDC is, in essence, a macro version of the IRTP.

- industry has an assured source of critical skilled labor while only shouldering minimal percentage of the training costs as these are co-shouldered by the other industry and institutional partners; and,

- training centers benefit as they are able to tailor their modules and gain access to the pooled equipment, facilities and trainers, thus improving their overall training capacity and placement rate.

Although funding is a major concern in any workforce development pursuit, it does not always have to be a most constraining factor.

- The TESDA, despite budget limits, has been able to transcend the problem this, for example, by establishing institutional partnerships with counterparts abroad. These partners provide assistance in the form of grants, soft loans, scholarships, exchanges, trainings and other professional services.

- The Ayala Foundation in the LEMDC project has not limited fund sourcing to the financial contributions of its partners. Moreover, it has formed a resource mobilization committee on equal footing with the LEMDC Secretariat which could seek or tap other fund/logistics sources whenever necessary.

- The Bureau of Local Employment in promoting the PESO program has gone beyond DOLE resources as it sought NGOs and LGUs to eventually take over the provider role.

- The AYF has adopted a variant of a "study now, pay later scheme" where training graduates pay back the foundation through salary deduction with the cooperation of the eventual employer-company or through a community-based collection care of the NGO which enlisted them for training program. The money that is collected back is then used to finance succeeding skills training batches.

- The MFI which has transformed from a granting institution to a training provider has developed a more complex yet successful way of financing its various programs which include: (1) the competitive scholarship-based diploma in technology-industrial technology program; (2) the school which offers short-term technical/professional enhancement courses; (3) the schools supervision cum teacher training/pedagogy program; and (4) the teachware production.

  Part of the fees which are generated from the latter three programs are used to cross-subsidize the diploma program. In effect, the income-generating projects fund the non-income generating program. With no less than 150 members per batch in the diploma scheme, all of them receiving free tuition and other allowances, MFI has been able to sustain its operations. (Its diploma graduates' placement rate stands at 99 percent.) Teachware production, that is the production of indigenously developed MFI teaching

materials (including manuals, gadgets, models of instruments, tools and equipment), not only provides incidental income but also allows for the adoption (i.e. replication) of the MFI instruction and standard in other places.[63]

The continuing need for relevant, responsive training and competent educators, on top of the setting of the appropriate policy environment and standards, lie at the core of the preceding discussions. Government officials and NGO executives interviewed pointed out that success of workforce education and training depends heavily on the quality of instruction and the competence of the instructor . Ayala Foundation's Ms. Pido considers quality instruction as a package consisting of the curriculum, facilities, equipment, administration, funding and trainers. Among them, the trainer factor spells the big difference. Meralco's Ms. Daigdigan makes reference to the same but adds that success in providing training goes beyond skills development. It includes deliberately instilling the necessary work ethic and attitude in the students/trainees.

Clearly, these competence and character-related issues of training and education touch on more than survival and material benefits. They also address "quality of life" issues affecting the individual, the family and the larger community (i.e. the economic and social impact of the programs). MFI, for example, which has been administering its scholarship program for more than a decade now, cites this case where a good many number of applicants from Quezon Province in southern Luzon. Apparently seeing more than just the individual economic profits of securing scholarship slots, the civic and political leaders of the province have come to combine their efforts to ensure that Quezon secures a definite representation in the program. And Quezon has consistently gained slots at the MFI. As of the latest MFI scholarship cohort, about eleven come from the province. Quezon leaders not only encourage their youth to seek MFI slots, once they enter the scholarship they also help their scholars find decent housing near the MFI campus in Pasig City.

Once a program has proven successful, not only must it be replicable or adoptable. Where apropos, efforts should be made leading to its institutionalization. The inroads of TESDA and other private or public agencies like AFI, BRW or BLE would be short-lived without the effort to make the good programs self-perpetuating or permanent. TESDA's dual training system is a case in point. If the tasks and processes are not followed through, monitored and promoted, it would hardly yield for long its intended positive results. The experiences of MFI and AFI as training facilitators/providers serve as worthy models for others. Although still new in the scheme of WFD facilitation, the AYF's incipient exposure is also worth considering.

[63] This replication/adoption is not limited to training centers in the country but also abroad. The MFI teachware has received no small commendation from visitors coming from countries in the region and elsewhere. Some who have come from developed countries have even expressed surprise at the MFI's innovative teachware devices which they said they do not yet have in their home country.

# Chapter 3:
# Conclusions and Recommendations

## Living Up with a New-Found Workforce Image

### Veering for Qualitative Change

Only until recently has Philippine workforce started receiving serious and positive attention, domestically and internationally. Since the 1970s up to the early 1990s, Philippine labor was largely an anathema, particularly to big business: it was overly militant and contemptuous in asserting its rights and a considerable part of its skilled sector was literally in a *diaspora* as evidenced by the OFW phenomenon.

### Internal and External Compulsions

Today, the enigma that is the Philippine labor is incrementally being demystified. Along with the structural reforms and initiatives put in place by the Ramos administration, workforce development is being thrust to the limelight. The constitutional, legal, economic, political and administrative regimes plus the particular obtaining conditions of global interdependence and competition give impetus to real Philippine workforce development endeavors. High officialdom (from the Executive Branch to Congress), the private sector, and peoples' organizations-NGOs recognize that the advancement of Philippine labor is a vital component in economic regeneration, in competing in the global market, in national development and in improving the quality of life.

### Market Relevance of Training and Education

The statistics and studies are interesting and, on a number of occasions, bewildering. There is an abundance of skilled labor yet the same remains for unskilled labor, according to the PERC. There are numerous tertiary education graduates but vacancies on the technical, administrative and managerial levels proliferate. Moreover, health, medical and informatics professionals abound, yet most of them end up being absorbed in the foreign labor market. Thousands of educational jobs remain vacant as teachers and instructors queue the foreign embassies in search for better paying employment even if this could mean ending up as a domestic somewhere in the Middle East or as a factory worker in nearby East-Southeast Asia.

### Socio-Economic Disparities as a Continuing Concern

Over the past half decade, the country has undergone structural and institutional transformation. Growth has been export-led, real investments-induced and buttressed by huge OFW income. Whatever momentum gained is likely to be sustained. Given the favorable environment and appropriate push from government and civil society, the

combined efforts on workforce development could propel the economy and the polity to greater heights. Social inequity, however, remains a big concern as could be gleaned in the continuing disparate distribution of wealth. The various social reform initiatives ~ agrarian reform, poverty alleviation programs, the push for small-medium enterprises, etc. ~ seem to be having some headway. On the whole, the reorganization and reorientation of the three formal pillars to workforce development (DECS, TESDA and CHED) come at an opportune time as they promise to enhance the opportunities for the workforce.

**The Imperative of Following Through**

Through the creation of TESDA and the rationalization of functions among the lead agencies involved in education and tech-voc training, the problems that have led to the inefficient and incoherent policies and programs are being more properly addressed. The responsibilities and boundaries, as they are more clearly defined now, remove much of the duplications, overlaps and turf wars which characterized the pre-TESDA period. As a fairly new government institution leading in TVET policy formulation and also in the provision of public sector TVET, it would seem unreasonable to expect TESDA to develop mature bones and solid muscles overnight. Given the thrusts, however, it has set to do and the incipient program foci it has started, TESDA appears to be in the right track.

On a related note, the numerous workforce-related programs being spearheaded by the DOLE seem to be yielding the desired results, it is imperative, however, that the scale and magnitude of the programs be expanded while at the same time other WFD initiatives are being unveiled or nurtured.

The spirited initiatives of NGO-private sector agencies cited in the paper are worth-noting for they not only deliver the WFD services which government can not completely provide. They, the NGOs, also help lay down the WFD processes and structures that have yet to be founded in many localities. The AFI's LEMDC, for example, provides one good version of expediting the establishment of region-based TESDAs.

From the foregoing chapters, as have been gathered from public documentation, analytical studies and the interviews conducted in the course of this studies, the following areas and strategies are deemed worthy pursuing.

## Possible Macro WFD Investments

### TESDA Capability Building

As new lead TVET agency, TESDA's finds itself swamped by the simultaneous demands of setting the appropriate policies and standards and seeing to it that such policies and standards are implemented and followed. It is, however, a TVET provider as well. Given the need to lay down and carry out several things simultaneously (e.g. setting standards, monitoring compliance, implementing and evaluating programs), there is likelihood that TESDA could spread itself thinly. At the crossroad of defining policy and providing TVET, efforts that will address TESDA's acquisition and enhancement of its relevant policy and provider skills should prove very much welcome as they will help ensure workforce development that is set in its right environment, programs mix, standards and pace .

### Institutionalization of PESOs

There remains great potential for PESOs as one-stop WFD service centers. As PESOs are in effect run and managed by the locals themselves under the patronage of elected leaders and established NGOs, the community could immediately access them and identify themselves with the PESOs. That PESOs are community based and could well tie up with enterprises in the municipality, city, province or region helps a lot in narrowing the gap in local labor demand and supply.

The PESOs' workforce registry and local industry profile are powerful tools in matching jobs and jobseekers. Moreover, PESOs if ably and inventively managed could provide useful investment information. Local and foreign firms would before establishing foothold say in Region 1 would need only consult the PESO database to check whether the labor resource they need could be found in the area or would have to be "imported" from other local regions. Linked by a local area network or by Internet, the PESOs' database increases in its utility and value.

Though at the moment, institutionalization via legislation is pending in Congress (due to the limited number of working sessions in view of the forthcoming national elections in summer 1998), the establishment of new PESOs, especially either in the high growth areas or in the depressed areas, is worth supporting. In the absence of needed legislation, the PESO can still be pursued in its current track, through the Executive-LGU-NGO partnership. As such, support for the PESO, subject to specific obtaining situation in the locality, may be funnelled through any of the lead participating agencies.

### Intensifying the Promotion of the Dual Training System

Although still a relatively new scheme, the DTS has attained considerable recognition among industry sectors. The DTS, as it combines theory and practice even while the trainee is enrolled in the TVET, bridges the gap between the school world and

the real world of work. While it in effect pre-qualifies the students-trainees to real work, it also encourages companies to participate in working training at a fraction of a cost than companies would shoulder if done on their own. The DTS places schools, firms and trainees on equally beneficial footings.

Potential DTS investors may consider giving priority to intensified DTS promotion in the special growth areas which government has already identified and nurtured, such as the BIMP-EAGA, Calabarzon, and the SEZ in Clark Field and Subic and the technoparks and industrial parks along the peripheries of Metro Manila, Davao and Cebu.

**Replication of IRTP-LEMDC in Other Strategic Areas**

TESDA is currently unable to simultaneously put in place the multisectoral manpower development councils it is mandated to establish. Ayala Foundation's intermediary role may, however, be emulated by other NGOs in the country. The LEMDC of AFI may serve as a working blue-print on how NGOs could serve labor, industry, the TVETs and the community.

Inventive resource mobilization techniques such as that of the AFI could be further studied, fine-tuned and/or modified depending on the particular needs of the situation. Having the LEMDC supplanted in other key provinces and regions would further promote the cause of multipartism and could well serve as a venue in equalizing income and social development opportunities.

**Rural Training and Productivity Enhancement**

The share of the agricultural sector in real GDP has continued to decline through the years. This bespeaks of continuing decline in productivity and lack of high-value added activities in these areas where more than half of the Philippine population belong. Agricultural training, livelihood and entrepreneurship programs should be constantly conducted in these areas, particularly those which have been identified by government as most depressed. Schemes that would enhance the delivery of training and livelihood services and those that would impart knowledge of better farming methods, higher-value crops, agribusiness management and access to farm inputs[64] are some of the programs potential donors may consider.

[64] Mr. Tomas Claudio of the Philippine Association of Agriculturists pointed out areas which NGOs and private training schools could take advantage of as the Local Government Code took effect. This has led to the devolution at the LGU level of several key national government functions, including the training of local agriculturists.

### Education, Training and Retraining of Trainers

The problem of inadequate instructors-teachers in the public school system has been discussed in the preceding chapter. But once co-opted into the educational system, teachers and trainers need continuing refresher, "retrofitting" and, also, advanced courses in their respective fields of expertise. In the area of formal education, the conduct of on-site extension classes for the teachers and/or distant education courses/modules should be encouraged. Incentives such as automatic pay increments or step promotions along with other non-monetary rewards such as awards of recognition could be further encouraged.

For the tech-voc trainers, aside from the existing scholarships and grants, ***trainers' chairs***[65] may be created at the national, regional and industry levels. The chair and the financial support that goes with it will go a long way in motivating trainers to continue with the vocation. The trainers' chair could also help mitigate the prevalent practice of trainer piracy.

Related to bringing out the competence of trainers, curriculum and instructional materials should as much as possible be similar among the training institutions. Having these pertinent standardized materials will minimize variances among training institutions which teach the same courses. Support for the development, promotion and dissemination of teachware materials such as those being produced by the MFI would help improve the various TVET curricula and abet the standardization of courses.

## Some Possible Micro WFD Investments

### Support for Inclusivist and Collaborative WFD Schemes

WFD arrangements where all the concerned stakeholders are present and are willing to collaborate should be supported. There are a number of WFD-related opportunities in the rural and urban areas which sponsors may wish to contribute to or adopt. These include patronage of regular community job fairs, pre-employment training, retraining for the displaced persons and/or persons with disabilities and modularized livelihood courses arranged by the community stakeholders themselves.

### Formation of WFD-Related Industry Associations in the Localities/Regions

Industry needs and standards are primarily a concern of the industry themselves. However, as to those which relate to WFD, this area is hardly attended to, despite the obvious importance. Absent an association where they could air and discuss common

[65] This proposal originates from AFI's Ms. Pido who laments the inadequate number of capable trainors who sooner or later are forced to settle for higher paying jobs outside the training vocation.

WFD concerns at the local level, the greater the chances of lack of coordination. Through TESDA's local offices, this situation may be given impetus with the endgoal of arriving at a responsive and open industry association which in cooperation with the other industry groups would help make wise use of the local business and labor resources.

**Establishing Region-Based Labor Market Information Bulletins and Systems**

Grants and support funds may be extended to arrangements among local government leaders, DOLE and social work offices, business, and media to produce or circulate cheap or free regional bulletins and broadcast on employment vacancies and available skills in the locality. This publication could also contain region-based listing of the critical skills needed and available. These will help mitigate the recurring frictional unemployment which takes place in the absence of mechanisms to inform the people. This set up could become a pillar and/or a precursor of other public employment services such as the PESOs.

**Support for Intermediation Service Providers**

While it is ideal for stakeholders to come to terms to undertaking mutually beneficial activities, such realization and cooperation do not happen easily. It requires skills and patience, and the right persons and interpersonal relations to gather key stakeholders under one roof and convince them to commit to the common and larger goal/s. Networking, providing assistance and tasking qualified intermediation NGOs (e.g. AFI) would go a long way in gathering stakeholders to rally behind and accomplish shared workforce development aspirations.

**Table 1. POPULATION BY AGE GROUP**
**AGE DISTRIBUTION (as % of total population)**

| Age Group | 1975 | 1985 | 1996 |
|---|---|---|---|
| 0-14 | 43.6 | 41.0 | 38.3 |
| 15-14 | 53.7 | 56.1 | 58.3 |
| 65+ | 2.2 | 2.9 | 3.4 |

Source: *Key Indicators of Developing Asian and Pacific Countries 1997* (Manila: Asian Developing Bank, 1997) citing various UN and country sources, p. 6.

**Table 2. ECONOMICALLY ACTIVE POPULATION**
**( % of working age population)**

| | 1975 | 1985 | 1995 |
|---|---|---|---|
| Male | 79.0 | 80.3 | 81.6 |
| Female | 50.0 | 48.0 | 47.3 |

Source: *Key Indicators for Developing Asian and Pacific Countries* (Manila: Asian Development Bank, 1997), p. 8.

**Table 2A. EAP AGRICULTURE/EAP (%)**

| | 1975 | 1985 | 1995 |
|---|---|---|---|
| Male | 64.5 | 58.3 | 52.8 |
| Female | 26.1 | 35.0 | 30.5 |

Source: *Key Indicators for Developing Asian and Pacific Countries* (Manila: Asian Development Bank, 1997), p. 8.

**Table 2B. EAP IN INDUSTRY/EAP (%)**

| | 1975 | 1985 | 1995 |
|---|---|---|---|
| Male | 13.9 | 14.5 | 17.1 |
| Female | 18.3 | 12.8 | 13.5 |

Source: *Key Indicators for Developing Asian and Pacific Countries* (Manila: Asian Development Bank, 1997), p. 9.

**Table 2C. EAP IN SERVICES/EAP (%)**

| | 1975 | 1985 | 1995 |
|---|---|---|---|
| Male | 21.6 | 27.3 | 30.1 |
| Female | 55.6 | 52.2 | 56.0 |

Source: *Key Indicators for Developing Asian and Pacific Countries* (Manila: Asian Development Bank, 1997), p. 9.

**Table 3. UNEMPLOYMENT AND UNDEREMPLOYMENT**

| Year | Unemployment (%) | Under-employment (%) |
|---|---|---|
| 1990 | 8.3 | 22.4 |
| 1991 | 10.5 | 22.5 |
| 1992 | 9.8 | 20.0 |
| 1993 | 9.3 | 21.7 |
| 1994 | 9.5 | 21.4 |
| 1995 | 9.5 | 20.0 |
| 1996 | 7.4 | 21.5* |
| 1997 | 7.9** | NA |

* As of July 1996 data

** "Inquirer Monitor", *Philippine Daily Inquirer*, 26 February 1997, citing DOLE and NSCB sources.

Source: Save for 1997 unemployment rate, data came from *Efficacy of Selected Labor Market Reforms in Promoting Globalization with Equity: The Philippine Case*. Manila: Institute for Labor Studies, June 1997, p. 77.

**Table 4. PROPORTION OF EMPLOYED PERSONS BY MAJOR INDUSTRY**

| Major Industry Group | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | June 1996 |
|---|---|---|---|---|---|---|---|
| Total (000) | 22,532 | 22,979 | 22,917 | 24.443 | 25,032 | 25,677 | 27,419 |
| Agriculture, Fishery & Forestry | 45.20 | 45,27 | 45.44 | 45.80 | 45.08 | 43.41 | 42.55 |
| Industry | 20.07 | 21.01 | 21.06 | 21.07 | 21.32 | 21.87 | 22.73 |
| Services | 34.66 | 33.68 | 33.40 | 33.08 | 33.54 | 34.67 | 34.69 |

Source: *Efficacy of Selected Labor Market Reforms in Promoting Globalization With Equity: The Philippine Case.* Manila: Institute for Labor Studies, June 1997, p. 78.

**Table 5. SHARES IN THE REAL GROSS DOMESTIC PRODUCT BY MAJOR INDUSTRY (IN PERCENT)**

| Major Industry Group | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | June 1996 |
|---|---|---|---|---|---|---|---|
| Agriculture, Fishery & Forestry | 22.38 | 22.81 | 22.75 | 22.76 | 22.37 | 21.53 | 21.61 |
| Industrial Sector | 35.59 | 34.81 | 34.41 | 34.35 | 34.70 | 35.49 | 35.28 |
| Service Sector | 42.03 | 42.38 | 42.84 | 42.89 | 42.92 | 42.96 | 43.10 |
| GDP (millions) | 718,069 | 714,460 | 718,941 | 733,097 | 766,450 | 803,450 | 404,442 |

Source: *Efficacy of Selected Labor Market Reforms in Promoting Globalization With Equity: The Philippine Case.* Manila: Institute for Labor Studies, June 1997, p. 74.

**Table 6. GROWTH RATES OF REAL GDP AND MAJOR SECTOR**

| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|---|
| Real GDP | -0.6 | 0.3 | 2.1 | 4.4 | 4.8 | 5.5 |
| Agriculture | 1.4 | 0.4 | 2.1 | 2.6 | 0.8 | 3.1 |
| Industry | -2.7 | -0.6 | 1.7 | 5.8 | 7.0 | 6.2 |
| Service | 0.1 | 1.0 | 2.5 | 4.2 | 5.0 | 6.0 |

Source: *Key Indicators of Developing Asian and Pacific Countries* (Manila: Asian Development Bank, 1997), pp. 18-19.

**Table 7. EMPLOYMENT OF PERSONS BY CLASS OF WORKERS (% to total employed)**

| Year | Wage & Salary Workers | Own-Account Workers | Unpaid Family Workers |
|---|---|---|---|
| 1970 | 41.53 | 38.65 | 19.82 |
| 1975 | 39.96 | 37.62 | 22.42 |
| 1980 | 42.35 | 37.31 | 20.33 |
| 1985 | 44.55 | 39.07 | 16.38 |
| 1990 | 45.50 | 38.79 | 15.72 |
| 1991 | 45.67 | 38.94 | 15.38 |
| 1992 | 44.94 | 39.99 | 15.06 |
| 1993 | 44.24 | 39.92 | 15.84 |
| 1994 | 45.23 | 39.00 | 15.76 |
| 1995 | 46.23 | 38.96 | 14.80 |
| Jl 1996 | 47.17 | 37.91 | 14.92 |

Source: *Efficacy of Selected Labor Market Reforms in Promoting Globalization with Equity: The Philippine Case.* Manila: Institute for Labor Studies, June 1997, p. 77.

**Table 8. DEPLOYED OFWS AND TOTAL EMPLOYMENT**

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| Deployed OFWs | 446,095 | 615,019 | 686,457 | 696,630 | 719,602 | 654,022 |
| Land-based | 334,884 | 489,260 | 549,651 | 550,872 | 565,226 | 488,621 |
| Sea-bed | 11,212 | 125,759 | 136,806 | 145,758 | 154,376 | 165,401 |
| % Share of Deployed OFWs to Total Employment | 2.00 | 2.70 | 3.40 | 3.50 | 3.50 | 3.90 |

Source: *Efficacy of Selected Labor Market Reforms in Promoting Globalization With Equity: The Philippine Case* (Manila: Institute for Labor Studies, June 1997), p. 79.

**Table 9. SUMMARY OF RATINGS ON THE COST, QUALITY AND AVAILABILITY OF LABOR IN SELECTED ASIAN COUNTRIES**

| Country | Unskilled | | | Skilled | | | AVE |
|---|---|---|---|---|---|---|---|
| | Quality | Cost | Availability | Quality | Cost | Availability | |
| Philippines | 2.54 | 2.36 | 0.86 | 2.62 | 2.62 | 2.92 | 2.32 |
| India | 3.11 | 2.00 | 2.90 | 3.44 | 3.44 | 3.13 | 3.00 |
| Vietnam | 1.67 | 0.50 | 1.00 | 5.00 | 2.50 | 8.00 | 3.11 |
| China | 5.17 | 1.68 | 1.90 | 6.52 | 3.56 | 6.68 | 4.25 |
| Indonesia | 5.25 | 1.29 | 1.33 | 6.85 | 4.63 | 7.85 | 4.53 |
| Taiwan | 4.61 | 4.91 | 5.70 | 3.88 | 4.91 | 5.61 | 4.94 |
| Hongkong | 4.26 | 4.29 | 4.85 | 3.91 | 6.08 | 6.37 | 4.96 |
| Thailand | 5.51 | 2.90 | 3.25 | 6.21 | 5.13 | 7.41 | 5.07 |
| Malaysia | 4.00 | 4.25 | 6.00 | 5.00 | 5.75 | 7.71 | 5.45 |
| Japan | 3.42 | 7.37 | 5.33 | 3.66 | 7.46 | 5.82 | 5.51 |
| Singapore | 5.39 | 4.50 | 6.16 | 4.52 | 6.41 | 6.85 | 5.64 |
| South Korea | 5.51 | 6.10 | 5.15 | 5.12 | 6.74 | 6.75 | 5.90 |

Source: *Asian Intelligence [Labor Cost, Quality and Availability]* (Hongkong: Political & Economic Risk Consultancy Ltd., 27 August 1997), p. 5.

**Table 10. CHARACTERISTICS OF ASIAN LABOR**

| Country | Loyalty to company | Labor militancy/activism | Turnover of unskilled labor | Turnover of skilled labor |
|---|---|---|---|---|
| Japan | 2.51 | 2.37 | 2.75 | 2.77 |
| Philippines | 4.17 | 5.25 | 2.00 | 3.00 |
| South Korea | 4.66 | 7.83 | 4.36 | 4.63 |
| Taiwan | 4.70 | 3.61 | 5.00 | 4.48 |
| Malaysia | 4.86 | 4.00 | 5.88 | 7.50 |
| India | 5.11 | 6.11 | 4.50 | 4.63 |
| China | 5.20 | 2.03 | 4.03 | 6.52 |
| Indonesia | 5.38 | 4.03 | 3.25 | 6.03 |
| Thailand | 5.51 | 3.54 | 5.05 | 6.50 |
| Singapore | 6.03 | 1.81 | 5.94 | 6.46 |
| Hongkong | 6.14 | 1.80 | 5.82 | 6.69 |
| Vietnam | 7.00 | 3.00 | 2.50 | 4.50 |

Grades are scaled from zero to 10, with representing the best situation possible and 10 the worst. A five is supposed to represent an average situation.

Source: *Asian Intelligence [Managing Asian Labor]* (Hongkong: Political & Economic Risk Consultancy Ltd., 7 May 1997), p. 3.

**Table 11. TOTAL TERTIARY ENROLMENT BY FIELD OF STUDY**

| Field of Study | 1991-92 | 1992-93 | 1993-94 | 1994-95 |
|---|---|---|---|---|
| Arts & Science | 177,525 | 178,035 | 182,093 | 199,971 |
| Teacher Training & Education | 232,978 | 211,060 | 204,655 | 211,615 |
| Engineering & Technology | 205,566 | 194,608 | 194,406 | 227,620 |
| Medical & Health Related Programs | 278,026 | 267,291 | 253,096 | 233,567 |
| Commerce/Business Management | 360,466 | 398,314 | 402,258 | 434,406 |
| Agriculture, Forestry, Fishery & Veterinary Medicine | 50,534 | 52,818 | 56,806 | 56,445 |
| Law | 14,578 | 14,279 | 14,338 | 16,882 |
| Religion/Theology | 4,924 | 5,430 | 7,183 | 6,699 |
| Information Technology | 59,680 | 67,834 | 79,067 | 88,616 |
| Maritime Education | 114,887 | 126,014 | 143,524 | 144,647 |
| Criminology Education | 26,269 | 26,733 | 27,337 | 31,450 |
| Total | 1,525,433 | 1,542,416 | 1,564,763 | 1,651,918 |

Figures combined government and private schools enrolment data.
Source: *Philippine Statistical Yearbook 1997* (Manila: National Statistics Coordination Board, 1996).

**Table 12. BUDGET OF THE DEPARTMENT OF EDUCATION, CULTURE AND SPORTS AS A PERCENTAGE OF THE NATIONAL GOVERNMENT BUDGET**

| Year | National Budget (in thousand pesos) | DECS Budget (in thousand pesos) | Percent of the National Government Budget |
|---|---|---|---|
| 1980 | 39,792,271 | 3,661,917 | 9.20 |
| 1981 | 54,945,319 | 4,088,356 | 7.44 |
| 1982 | 59,749,018 | 4,671,834 | 7.82 |
| 1983 | 65,000,000 | 5,758,267 | 8.86 |
| 1984 | 59,500,000 | 5,968,122 | 10.03 |
| 1985 | 67,325,000 | 6,513,534 | 9.67 |
| 1986 | 92,887,963 | 9,166,679 | 9.87 |
| 1987 | 88,984,273 | 12,916,229 | 14.52 |
| 1988 | 169,728,000 | 15,889,727 | 9.36 |
| 1989 | 228,940,000 | 25,040,675 | 10.94 |
| 1990 | 233,507,847 | 28,177,760 | 12.07 |
| 1991 | 254,343,983 | 32,949,919 | 12.95 |
| 1992 | 308,368,476 | 34,531,399 | 11.20 |
| 1993 | 330,237,082 | 46,489,216 | 10.65 |
| 1994 | 362,038,357 | 50,405,788 | 10.81 |
| 1995 | 384,713,251 | 46,489,216 | 12.08 |
| 1996 | 415,557,000 | 50,405,788 | 12.13 |

Source: *Philippine Statistical Yearbook 1997*, National Statistics Coordination Board, 1996.

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# ANNEX A

# PARTIAL LIST OF COMPETITIVENESS-RELATED REFORMS IN THE PHILIPPINES (1992-1996)*

A partial list of competitiveness-related reforms carried out by the Ramos Administration include the following:

## 1. Trade and Foreign Investment Liberalization

The first real barrier to any market are tariffs and other non-tariffs structures such as quantitative or import restrictions. For this reason, most of the bilateral and multilateral trade agreements impose the observance of reduced tariff rates.

In apparent compliance with such international commitments, various tariff rates for a number of industrial and agricultural products in the Philippines have either been reduced and/or modified through the issuance by the President of various Executive Orders. Additionally, the Congress enacted Republic Act No. 8178 to remove quantitative restrictions on agricultural products.

Measures to ensure more efficient collection of tariffs have also been enacted. Republic Act No. 7650 amended the provisions of the Tariff and Customs Code on physical examination of imported articles particularly Section 1401 and 1403, and repealed Section 1404. Congress also enacted Republic Act No. 8181 to shift the basis for the computation of duties from home consumption value to transaction value to address some of the leakages in collections.

As a safety net measure, or to safeguard against the dumping of foreign products in the Philippines, Republic Act No. 7843, also known as the Anti-Dumping Act of 1994, was enacted to rationalize and strengthen the provisions on anti-dumping in the Tariff and customs Code.

To liberalize the entry of foreign investments, Republic Act No. 7042, otherwise known as the Foreign Investments Act (FIA), was passed. Republic Act No. 8179, amended the FIA, to allow foreign corporations which are 100% Filipino-owned to do business in the Philippines as a Philippine national, to allow domestic market enterprises to immediately change their status to export-oriented enterprises, to delete Negative List C which reserved certain areas of business to Philippine nationals, and to grant former natural-born Filipinos the same investments rights as Filipino citizens in cooperatives, rural banks, thrift banks and private development banks, and financing companies, and ownership of private lands.

The Omnibus Investment Code, Executive Order No. 226, was also amended to conform with the current economic agenda. Through Republic Act No. 7888, the BOI was granted the power to recommend to the President of the Philippines the suspension of the nationality requirements, to the extent allowed by the Constitution and relevant laws, in cases of ASEAN projects, investments by ASEAN nationals, regional ASEAN or multilateral financial institutions in preferred project and/or projects allowed through either financial or technical assistance agreements entered into by the President or in case of regional complementation for the manufacture of a particular project which seeks to take advantage of economies of scale.

Furthermore, Republic Act No. 7918 amended the Omnibus Investments Code to rationalize and qualify incentives enjoyed by BOI-registered enterprises. The tax and duty exemption on imported capital equipment and spare parts and tax credit on domestic equipment were restricted by limiting the period when enterprises may avail of such incentives. The exemption from contractor's tax was also deleted.

A major component in the effort at attracting foreign investments to come in was the establishment of various Special Economic Zones (SEZs). After the Subic Bay Free Port and Special Economic Zone, the Clark Special Economic Zone and other former US military bases were converted into SEZs under Republic Act No. 7227, SEZs were also created in Zamboanga through Republic Act No. 7903 and in the municipalities of Sta. Ana and neighboring islands of Aparri, Cagayan through Republic Act No. 7922. In 1995, more SEZs were sought to be created through the enactment of Republic Act No. 7916 which provided for the legal framework and mechanics in the creation, operation, administration and coordination of SEZs and the organization of the Philippine Economic Zone Authority (PEZA), which succeeded the now-defunct Export Processing Zone Authority (EPZA).

Foreigners are disqualified from owning land in the Philippines. This has discouraged investors from coming in. To address the situation, Republic Act No. 7652 was enacted to allow foreign investors to lease, but not own, private lands in the Philippines for a period not exceeding seventy-five (75) years for the purpose of engaging in business.

In recognition of the key role of export-oriented enterprises in the achievement of the national goals for the year 2000, Republic Act No. 7844 was enacted. Said law enumerates the policy framework to support export development, provide for the formulation of the Philippine Export Development Plan, and grant other incentives to export-oriented enterprises such as exemption from P.D. 1853, zero-rated duty for importation of machinery and equipment, tax credit and long-term credit facilities. The Export and Investment Development Council was later reorganized into the Export Development Council through Executive Orders Nos. 98 (s. 1993), 110 (s. 1993) and 180 (s. 1994).

## 2. Service Industry Deregulation

Various service industries, including the banking, insurance, infrastructure, book publishing and mining industry, among others, benefited from the reforms instituted by the current administration.

### a) Banking

In banking, the basic preparation for change was effected through the reorganization of the Central Bank of the Philippines into the Bangko Sentral ng Pilipinas (BSP), under Republic Act No. 7653. The BSP continues to play a stabilizing force in the entire economy. Two major laws were enacted to enhance competition in banking: (a) Republic Act No. 7906 which provided for the regulation of the organization and operations of thrift banks, and (b) Republic Act No. 7721 which liberalized the entry of foreign banks in the Philippines by allowing foreign equity ownership of up to sixty percent (60%) of the voting stock of existing domestic banks or the incorporation of a new subsidiary in the Philippines, and the entry of new foreign bank branches with full banking authority.

### b) Insurance

In the insurance industry, the entry of foreign insurance and reinsurance companies or intermediaries was sought to be encouraged through various initiatives from the Executive department. With Department of Finance Order No. 100-94, issued on 24 October 1994, several multinational insurance companies have already signified interest in penetrating the Philippine market.

### c) Infrastructure and Development Projects

The current administration recognized the inadequacy of government resources to meet all of the public's infrastructure requirements. Accordingly, it supported the amendment of Republic Act No. 6857, otherwise known as the "Build-Operate-and-Transfer" (BOT) law, which allows the private sector to participate in infrastructure and development projects ordinarily undertaken exclusively by government. Private sector participation was further enhanced with the enactment of Republic Act No. 7718 by expanding the contractual arrangements which be entered into by a government implementing agency and a private proponent.

### d) Book Industry

Republic Act No. 8047 provides for the development of the book industry through the formulation and implementation of a national book policy and national book development plan and the creation of a National Book Development Board (NBDB). Under the law, persons or entities engaged in publishing and registered with the NBDB may avail of incentives provided under the Omnibus Investments Code, subject to the

qualifications and requirements set by the BOI. Moreover, books, magazines, periodicals, newspapers, and book publishing and printing, distribution and circulation, are exempt from the coverage of the Expanded Value Added Tax.

### e) Mining

Republic Act No. 7942 or the Philippine Mining Act of 1995 provides for the requirements and incentives for the exploration, development, utilization and conservation of mineral resources.

## 3. Public Utilities

### a) Maritime industry

Executive Order No. 185 (s. 1994) was adopted to foster competition through more liberalized rules on the entry of new operators for existing routes presently serviced by one operator, new operators of development routes, the deregulation of the entry of newly-acquired vessels into routes already served by franchised operators, and vessel rerouting or amendment of authorized route and change in sailing schedules and frequency.

Executive Order No. 213 (s. 1994) provides for the deregulation of domestic shipping rates in the following areas: (a) first and second class passage rate for passenger-carrying domestic vessels, (b) passage rates for vessels catering to tourism as certified by the Department of Tourism or those serving DOT-certified tourist priority links/areas, (c) freight rates for all commodities classified as Class “A” and “B” and “C”, except for non-containerized basic commodities, and where the route/link is still being serviced by only one operator.

### b) Civil Aviation

Two new airline companies (Pacific Airways Corporation, R.A. No. 7909) and All Asia Airlines Company, R.A. No. 8103) were granted congressional franchises to provide air transport services.

Moreover, by virtue of Executive Order No. 219 (s. 1995), international civil aviation was sought to be liberalized through the designation of at least two official carriers for the Philippines, and the possibility of designating other carriers as official carriers when the total frequency requirements of the Philippines under its various Air Services Agreement cannot be fully serviced by the first two designated official carriers. For domestic air transportation, a minimum of two operators in each route/link is encouraged and for routes/links presently serviced by only one operator, additional operators are likewise encouraged to enter. Passage rates for routes/links serviced by more than one operator is no longer regulated but merely monitored by the Civil Aeronautics Board (CAB).

**c) Port Services**

In order to accelerate the demonopolization and privatization program for government ports, the President issued Executive Order No. 212 (s. 1994). Competition is encouraged in the provision of cargo handling and other port services. Under the government's demonopolization program, ship owners, operators, charterers or other users have the option to contract or engage the services of the Philippine Port Authority (PPA) authorized handler or port service contractor of their choice. Under the privatization program, private sector participation in the operation, maintenance and development of government ports is encouraged through capital leases, cargo licenses, and service contracts to private companies to catty out cargo handling, dredging, port security and other services. The PPA is directed to ensure that free access to the ports is allowed to all sectors of the industry and that there shall be no discrimination in the provision and availment of service contracts.

**d) Telecommunications**

The success of the efforts at breaking up monopolies and cartels is perhaps greatest in telecommunications. Executive Order No. 59 (s. 1993) required mandatory interconnection for other telecommunications firms with the Philippine Long Distance Company (PLDT) backbone.

Executive Order No. 109 (s. 1992) laid down the government's policy to improve the Local Exchange Carrier Service. Authorized international gateway operators were required to provide local exchange service in served and unserved areas, including Metro Manila, within three years from the grant of authority from the National Telecommunication Commission.

Republic Act No. 7925, entitled "An Act to Promote and Govern the Development of Philippine Telecommunications services," was enacted to provide a comprehensive guideline regulating the public telecommunications industry in the Philippines.

These measures have been met with enthusiasm. New telecommunications companies have entered the market, like Digital Telecommunications Philippines, Inc., Bell Telecoms, IslaCom, Major Telecoms, which were granted congressional franchises to install, operate and maintain telecommunication system throughout the Philippines, and Island Paging, Inc., Multi Media Telephony, Inc. which were granted radio paging franchises.

**e) Energy**

The power crisis of the recent past debilitated the economy. To address the situation, the current administration actively sought for the enactment of Republic Act No. 7648, which granted the President emergency powers, for a period of one year from effectivity of said law, to enter into negotiated contracts for the construction, repair,

rehabilitation, improvement or maintenance of power plants, projects and facilities, to fix the rate of return on rate base of the National Power Corporations (NAPOCOR) to not more than 12%, and to reorganize the NAPOCOR. The law encouraged the entry of foreign power firms and the execution of various power contracts.

In addition, Executive Order No. 215 (s. 1987) was issued to promote private sector participation in the business of generating electricity. Republic Act No. 8180, which provides for the deregulation of the oil industry, was also recently enacted.

**f) Water**

Another crisis, this time in the water sector, prompted the enactment of the Water Crisis Act, Republic Act No. 8041. Like in the power crisis act, the President was conferred emergency powers to enter into negotiated contracts for water supply and distribution projects under the B-O-T or related schemes. The President's authority to negotiate, however, expired last 15 July 1996 without any such contract being finalized. The same law provided for the privatization of the Metropolitan and Sewerage System (MWSS). In this regard, executive Order No. 311 (s. 1996) was issued to encourage private sector participation in the operations and facilities of the MWSS.

## 4. Privatization of State Enterprises

Government participation in commercial enterprises discourage the entry of private entrepreneurs in the market. For this reason, the government has long adopted a policy to privatize GOCCs as early as 1996 under Proclamation No. 50 and 50-A which created the Committee on Privatization Trust. The same laws remain effective through several extensions effected by Republic Act Nos. 7181, 7661 and 7886.

The efforts at divestment of some government assets have proven difficult to market. For this reason, Executive Order No. 298 (s. 1996) was issued by the President to provide for alternative and/or intermediate modes of privatization through joint ventures, B-O-T schemes, management contracts, lease purchase arrangements and securitization.

## 5. Taxation, Monetary and Fiscal Reforms

Significant revenue measures adopted during the Ramos administration include the rationalization of the documentary stamp system (Republic Act No. 7660), the imposition of taxes for sale of shares of stock through the stock exchange or through initial public offerings (Republic Act No. 7717), and the controversial Expanded Value-Added Tax (Republic Act No. 7716). Due to the massive protests against the E-VAT which delayed its implementation, Congress is now deliberating new measures to amend certain provisions of the law to accommodate these protests.

Republic Act No. 7642 was also enacted to increase the penalties for tax evasion and violations of the provisions of the National Internal Revenue Code.

Still pending deliberations and facing rough sailing in Congress is the Comprehensive Tax Reform Package endorsed by the Ramos Administration.

Under Central Bank Circular No. 1389 (Consolidated Foreign Exchanges Rules and Regulations), as amended, foreign exchange restrictions were lifted thereby allowing the market to freely trade in foreign currencies. More recently, Republic Act No. 8183 was passed expressly repealing the Uniform Currency Law (Republic Act No. 529) which restricted parties to a contract to deal only in Philippine Peso in order to settle monetary obligations.

## 6. Peace and Order and the Administration of Justice

To address the peace and order situation in the Philippines, President Ramos created the Presidential Anti-Crime Commission (PACC) headed by Vice President Joseph Estrada, and reorganized the Peace and Order Council.

Various legislation aimed at re-organizing the judiciary and administrative agencies exercising quasi-judicial functions were enacted: Republic Act No. 7902 expanding the jurisdiction of the Court of Appeals, Republic Act No. 7975 strengthening the functional and structural organization of the Sandiganbayan, Republic Act No. 7700 vesting concurrent jurisdiction in the first, second and third division of the National Labor Relations Commission (NLRC), and Republic Act No. 7691 expanding the jurisdiction of the first, second and third division of the NLRC.

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From *Setting the Agenda for Competition Policy in the Philippines* (Manila: Free Trade Consulting, 1996), pp. 97-110.

# ANNEX B

# SAMPLE OF SALIENT LABOR PROVISIONS IN THE PHILIPPINE CONSTITUTION OF 1987

## Declaration of Principles and State Policies

"The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty though policies that provide adequate social service, promote full employment, a rising standard of living and an improved quality of life for all." *(Article II, Section 9).*

"The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare." (*Article II, Section 18).*

## On Specific Workers Rights & Responsibilities

"The right of the people, including those employed in the public and private sector, to form unions, associations, or societies for purpose not contrary to law shall not be abridged." *(Article III, Section 8 of the Bill of Rights)*

"The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all.

"It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiation, and peaceful concerted activities, including the right in strike in accordance with law. They shall be entitled to security of tenure, humane condition of work, and a living wage. They shall also participate in policy and decision-making processes affecting their right and benefits as may be provided by law.

"The State shall promote the principle of shared responsibility between workers and employers and the preferential use of voluntary modes in settling disputes, including conciliation, and shall enforce their mutual compliance therewith to foster industrial peace.

"The State shall regulate the relations between workers and employer, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable return on investments, and to expansion and growth." *(Article XIII, Section 3 on Social Justice and Human Right).*

## Special Rights of Certain Sectors

"The State shall recognize the right of farmers, farmworkers and landowners, as well as cooperative, and other independent farmers organizations to participate in the planning, organization and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support service." *(Article XIII, Sections 5 on Social Justice and Human Rights)*

"The State shall protect working women by providing safe and healthful working conditions, taking into account their maternal functions, and such facilities and opportunities that will enhance their welfare and enable them to realize their full potential in the service of the nation ." *(Article XIII, Section 14 on Social Justice and Human Rights)*

# ANNEX C

# SAMPLE PROVISIONS OF THE PHILIPPINE LABOR CODE

## Article 211:

"A. It is the policy of the State:

(a) To promote and emphasize the primacy of free collective bargaining and negotiations, including voluntary arbitration, mediation and conciliation, as modes of settling labor or industrial disputes;
(b) To promote free trade unionism as an instrument for the enhancement of democracy and the promotion of social justice and development;
(c) To foster free and voluntary organization of a strong and united labor movement;
(d) To promote enlightenment of workers concerning their rights and obligations as union members and as employees;
(e) To provide adequate administrative machinery for the expeditious settlement of labor or industrial disputes;
(f) To ensure a stable but dynamic and justi ndustrial peace; and
(g) To ensure the participation of workers in decision and policy-making processes affecting their rights, duties and welfare.

B. To encourage a truly democratic method of regulating the relations between the employers and employees by means of agreements freely entered into through collective bargaining, no court or administrative agency or official shall have the power to set or fix wages, rates of pay, hours of work or other terms and conditions of employment, except as otherwise provided under this Code."

# TANZANIA

## *WORKFORCE DEVELOPMENT: CURRENT CONDITIONS AND OPPORTUNITIES*

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# Executive Summary

***Workforce development in Tanzania: conditions and opportunities***

Tanzania faces monumental development challenges. Per capita income is $120; life expectancy is 53 years; and 12 million rural households live below the poverty line. More than half of the population is under the age of 19, and more than 400,000 new entrants join the labor market each year.

Very few find wage-paying jobs. The formal sector employs only about 810,000, roughly 10% of the working population. Most of these are in the bloated public sector, which is slowly retrenching civil servants and selling off state-owned enterprises. The informal sector (excluding agriculture) employs another 10% of the working population, including many who also work for the government but must supplement their low civil servant wages with other sources of income. The rest of the workforce, 80%, works in agriculture, many at a subsistence level.

Other development challenges which Tanzania faces include:

- Poor infrastructure, with extreme deterioration of roads and bridges, and frequent outages of electricity;
- Rampant corruption (although the current government has taken some steps to curb the most extreme abuses);
- A burdensome, complex and non-transparent system of taxes and regulations;
- An AIDS epidemic which has ravaged the population.

According to a 1996 study, Tanzania is one of the most difficult countries in which to operate a business. Inordinate amounts of time have to be used to locate organizations and the responsible officials within them to gather information and secure documents required to carry on business. Being registered, obtaining a license, hooking-up utilities, acquiring work permits, and filing taxes are time-consuming tasks. They are also expensive processes as various people require "lubrication" to induce them to assist in the process.

## An education and training system in disarray

Adult literacy rates (65% male; 34% female) are comparable to other countries in the region. However, judging by the downward trend in school enrollments, they are likely to get lower. Primary school enrollment is only 54%, down from over 90% in the 1980s. This is in part due to the fact that most families cannot afford the cost of recurring expenses such as school uniforms and supplies. More than half of all classrooms have no usable chalkboard; more than one-third have no water. When a teacher retires or is transferred, in half the cases no replacement is assigned.

Enrollment rates in secondary school are an appalling 7% of all eligible children. Alternatives to secondary education include *Post-Primary Technical Centers* and the *Folk*

*Development Colleges*, but their capacity is low compared to the population they are intended to serve. Likewise, the capacity of the county's public and private vocational schools is only about 16,000, compared to the more than 400,000 entrants to the labor force each year. Moreover, a common complaint is that the type of training offered does not match private sector requirements.

An emerging workforce development system

For nearly three decades Tanzania oriented its workforce towards the expectation of lifetime employment in government, parastatals or communal agriculture. The political themes, economic policies, and educational curricula were distinctly anti-private business and anti-entrepreneurship. That is now changing:

- The Ministry of Industry and Trade has developed a *Sustainable Industrial Development Policy* which envisages greater emphasis on the training of workers at all levels for and by private sector employers.
- The 1997 National Employment Policy (published by the Ministry of Labour and Youth Development) proposes that a *National Employment Council* be formed to coordinate employment policy in the country by relating activities of each sector with the growth of employment and labour productivity. The *Council* will also collect and distribute data related to the labour market, assist job seekers by linking them with employers, and advise students/trainees on the state of the labour market.

The current government recognizes that there is a pervasive lack of workers with technical, managerial, and entrepreneurial skills and with the attitudes required for creating a modern, competitive industrial culture. It also understands that an integrated workforce development strategy will require collaboration among government agencies, the private industrial associations, academic institutions, science, technology and social research bodies, and non-governmental organizations.

Investment priorities

Tanzania's development needs are vast. Roads, bridges, electricity and telecommunications infrastructure all need to be improved substantially. Classrooms need well-trained teachers, chalk, books and other supplies. Schools and training programs at all levels need to do a much better job equipping their graduates with the skills that are needed to earn a sustainable livelihood. Investments which seek to redress these problems are severely needed.

Other investment priorities should include:

1. Support for the *Sustainable Industrial Development Policy* and the *National Employment Council*. Both of these need to be supported with resources, capacity building and technical support. Funding is needed to bring the different stakeholders

together to create a shared vision and goals, and then to create measurable milestones for each.

2. Retraining of the increasing numbers of adults being retrenched from the civil service and parastatals. Since 1992, about 30,000 have been retrenched from the civil service alone. The government's principle approach has been to provide training which will increase self-employment, but this training has only reached about 800 individuals. Providing training for the rest remains a significant challenge.

3. Redesign of existing vocational training programs, which need to be made more market-driven, in partnership with the private sector. Information about the placement rate of these programs needs to be made accessible to student applicants.

4. Support for skills training in high growth sectors such as tourism, mining, agricultural exports, and construction.

5. Development of microcredit and business incubator programs to provide greater opportunities to those currently outside of the formal labor sector.

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# I. INTRODUCTION AND BACKGROUND

## 1(a) Political environment

Tanzania is one of the fortunate African nations not having experienced domestic armed conflict either in order to achieve independence or to make transitions of leadership. The peaceful and stable political environment was marked by Julius Nyerere's voluntary resignation in 1985 after 27 years of rule. The adoption of a national constitution restricting the Presidency to two five-year terms, and the opening of the political process to multiple parties bodes well for the country. Nyerere's legacy also will be the adoption of Swahili as a unifying language across ethnic groups, and his deliberate balancing of appointments in government among ethnic and religious groups is rare among African leaders.

The term of his successor, Ali Hassan Mwinyi, led to a deterioration of that balance of appointments in government and witnessed the disproportionate ascension of those from the small island of Zanzibar and the introduction of the Muslim religion as a criterion of political and commercial preference. Blatant corruption will be Mwinyi's legacy. However, his administration initiated the liberalization of the economy and insured the peaceful burial of Nyerere's ujamaa, or "African socialism."

The first-ever multi-party national elections in October 1995, which led to the inauguration of Benjamin Mkapa as the nation's third President, has raised hopes that corruption will be curbed, which will be difficult as it has been more than a decade in the making, following the period under the Nyerere era when CCM political officials enjoyed the fruits of power in less blatant and accelerated ways. In the last national election the political opposition was divided among many splinter parties, as often is the case in newly democratic countries. The main rival party, NCCR Mageuzi, however failed to produce a convincing contrasting economic vision to the electorate and has subsequently has become embroiled in internal strife.

In 1992/93 10,000 civil servants were retrenched, followed in 1992/94 of another 20,000 (including 14,000 ghost employees) and 13,000 in July 1994. After a brief moratorium the Government has again begun serious reductions in the public service. Over 60 state-owned enterprises out of 470 have so far been removed from government hands through sale, lease, or liquidation, and there are plans to remove an additional 50 parastatals during the next several years.

While the Government has initiated measures to reduce unproductive expenditures in line with the Mramba Commission report, it has increased the allocation of expenditures to basic education and basic health by 1 percent of GDP for year 1995/96 and 1996/97. Under Nyerere, who continues to be called Mwalimu or "teacher", education and training was considered to be a primary avenue for personal and national development. During his tenure training institutions proliferated all across the nation to serve the public service and parastatal community. Education and training still remains very much part of the ethos of

the country and continues to receive support under the Mkapa administration, although it has shifted towards promoting self-employment and private sector development.

The Warioba Commission created by President Mkapa to investigate means and ways of curbing corruption recommended serious overhaul of government and the recruitment of "new people to clean the public sector and restore public confident in government." The new Administration has tried to keep a steady course in this difficult task by dismissing officials who demonstrate doubtful integrity. By late 1997, for example, 1,129 employees in the customs, sales and income tax departments had been retrenched and 139 were not confirmed into the civil service. Many of the very top officials from these three departments were fired and some imprisoned. The early retirement of senior officials in immigration, police and prisons also occurred in 1997. A survey of 500 people in Dar es Salaam conducted by the Tanzania Development Research Group revealed that 49% were confident that the President was doing what he could to stop corruption, 43% did not believe so, and 8% were not sure. In contrast, two-thirds believed that neither his Cabinet nor the Parliament were doing what they could to help the President.

In January 1998 the US wrote off $15.1 million of the $20.13 million Tanzania owed the Export-Import Bank. The announcement stressed that the United States remained confident in the Administration's efforts to establish good governance and continue economic reform.

In summary the government has demonstrated the political will to take sometimes unpopular action in order to revitalize the economy. The incentive system has been restructured, controls on agricultural markets have been effectively abolished, and foreign industrial investment has increased. Recognizing that macroeconomic management has been grossly inadequate, the government has taken measures to reform the ineffective public sector banking system by allowing private banks to enter the financial sector, the inefficient and often bankrupt parastatals through privatization, and the high cost of public administration through retrenchments.

## 1(b) Macroeconomic environment

The real GDP growth picked up in 1996 to almost 5 percent, reflecting in part the favourable impact of the liberalizing reforms and the follow-through effects from the strong 1995 agricultural crop performance. However, the drought in the eastern part of the country dampened the economic growth rate in 1997 through its adverse effects on the staple maize crop. Thus the real 1997 GDP is expected to slip slightly to 4.7%. The 1991-97 real GDP was 4.15%. The IMF predicts the 1998 GDP will return to the 5% level.

The end-period inflation rate fell to 16.17 percent by November 1997, compared with 23.02 percent at the same time in November 1996. The inflation rate was 16.11 percent in

1997, as against 21.1 percent in 1996, despite the high food inflation due to the drought. The IMF predicts the inflation rate to drop to 7.8% in 1998.

In the late 1980s the government permitted the exchange of currency on the open market which essentially ended black market currency trade. The Foreign Exchange Act of 1992 further reduced restrictions on the circulation of foreign currencies and the convertibility of local currency. There is relatively little disparity between the official and parallel currency markets.

The slack in imports of goods and service in 1995/96 occurred despite the acceleration in economic activity. This resulted from, inter alia, improved tax administration and lower than expected government transfers for capital goods imports for investment projects. In 1997 export earnings decreased 5.6 percent from 1996 levels, but imports also declined by 4 percent, reflecting trends begun in 1995/96. Substantial volume growth of both traditional and nontraditional exports occurred reflecting the impact of the decontrolled environment and of the favourable weather conditions during the 1995 and 1996 crop seasons. This continues the pattern from 1987-1994 of the annual increase in exports of more than 4%. Tourism, which accounted for 6% of GDP in 1996 and rose to 7.5% of GDP in 1997, was a major factor behind the unexpected large increase in service receipts in 1996/97.

There has been a steady upward trend in exports with imports being somewhat erratic. But because of the steady rise in exports, the gap between the value of merchandise exported and that which is imported appears to be gradually narrowing.

Coffee is the leading earner among agricultural commodities, followed by a dramatic increase in the value of cotton earnings in 1997. The mining sector led in earnings among non-agricultural exports. It is quite clear that market liberalization and the export-oriented strategy for economic rejuvenation is beginning to work.

The external current account deficit excluding grants is now projected to decline to 10.3 percent of GDP in 1996/97 from 13.1 percent of GDP in 1995/96. It is estimated that this will drop to 7 percent by 1999/2000. Gross official reserves rose to the equivalent of 16 weeks of imports by end-December 1996, compared with 8 weeks recorded at end-June 1996 and 10 weeks projected for end-June 1997.

The foreign debt burden continues to be substantial at about 250 percent of GDP. Of the $7.9 billion external debt as of December 31, 1997, 43.4 percent and 48.5 percent were held respectively by bilateral and multilateral sources. As President Mkapa remarked at the December 1997 Consultative Group meeting in Dar es Salaam, the country spends five times more per capita to service external debt than it does on education and health combined.

In late 1997 the Paris Club of creditors wrote off $1 billion of the nation's multilateral debt and rescheduled another $700 million in debt in response to the new Administration's

clear commitment to economic reform and the country's positive record of meeting debt payments.

Another challenge for the Administration is managing the government's annual budget deficit. But here too there has been some progress. Measured as a percentage relative to the GDP, the budget deficit declined in 1995 to 4.22% from the previous years when the deficit stayed within the 7% range.

External resources inflows, including private and official transfers, have played a major role in helping Tanzania make the economic transition. Increases in net official development assistance increased from an average of 7 percent of GDP in 1980-85 to nearly 20 percent of GDP in 1986-94, allowing Tanzania to expand investment in spite of the sharp devaluation which raised the costs of capital goods. However, there are low levels of domestic resource mobilization and poor performance of the financial and non-financial parastatals.

The Structural Adjustment Program introduced in the mid-1980s terminated many of the controls on the economy. During 1992-94 macroeconomic performance slipped, largely the result of government revenue problems, but that has been reversed by measures such as the rigorous implementation of customs duties. The introduction of the taxpayer identification number system introduced in 1994/95 is intended to force businesses to maintain proper records for tax audit. The restructuring of the National Bank of Commerce and the Bank of Tanzania and the opening of two private banks in 1993 was the beginning of critical reform of the financial sector.

The poor state of the infrastructure represents one of the obstacles to economic development in Tanzania. There has been extreme deterioration of roads, bridges and other social and economic infrastructure throughout the country. Road rehabilitation and maintenance and the privatization of state-owned transport companies are receiving more attention under the Mkapa administration. The November 1997 heavy rains and floods caused considerable damage to the road network in the southern parts of the country. In January 1998 the government announced that it would allocate each year for seven years beginning 1998 $4 million for improvement and maintenance of rural roads. Also in the same month the government released $1 million for emergency repair of rail lines damaged by floods.

Electrical interruptions are frequent in Dar es Salaam, and it is predicted that nationwide demand will increase by seven percent annually for the rest of the decade. The country relies heavily on hydropower so recent declines in rainfall have had a negative impact on electrical production. Telephone service is far below international standards, but two foreign companies, Datel and Mobitel are investing $10 million and $17 million respectively in order to provide improved service, initially in Dar es Salaam but also eventually in secondary urban areas such as Moshi, Shinyanga, Tanga, Dodoma and Mbeya..

From the perspective of a businessperson, Tanzania is considered to be one of the most difficult countries in which to operate. According to a 1996 study by Coopers and Lybrand, inordinate amounts of time have to be used to locate organizations and the responsible officials within them to gather information and secure documents required to carry on business. Being registered, obtaining a license, hooking-up utilities, acquiring work permits, and filing taxes are time-consuming tasks. They are also expensive processes as various people throughout the process chain, sometimes even file clerks, require some "lubrication" to induce them to assist in the process. This study showed that the average time period needed to commence business operations was 18 to 36 months. Maintaining operations requires a typical Dar es Salaam-based firm to complete at least 89 separate forms per year. Taxes are numerous and complex with the result that the monthly payment of sales tax, for instance, becomes a matter of "negotiating" twelve times a year with the tax collector (oftentimes a different person thus making the "negotiations" less predictable).

The number of applications to the Investment Promotion Center dropped to 123 in 1995 from 365 in 1991. Inquiries dropped from 100-200 per month in 1991 to 20 in 1996. This may be a natural result of market niches being taken by prior applicants, but it may also be the consequence of potential business investors learning that the legal and procedural requirements require more perseverance than they have. These factors on the ground are what the new Administration is struggling to reverse.

In 1995 the Heritage Foundation assessed the business environment by using ten factors and assessed Tanzania as follows:

| | |
|---|---|
| Factor #1: Trade Policy | Trade reforms have abolished import and export licenses, but corruption and bureaucratic inertia hinder trade expansion. |
| Factor #2: Taxation | There are moderate income and corporate tax rates. |
| Factor #3: Government Consumption and Economic Output | Government consumes 15.6% of GDP. Inefficient state-owned enterprises continue to dominate industrial output, including government monopolies in agriculture. |
| Factor #4: Monetary Policy | The 1980-91 inflation rate was 25.7%, and currently is 23%. |
| Factor #5: Capital Flows and Foreign Investment | New investment codes, elimination of government participation in mining ventures, and new incentives make it a more favourable environment. But excessive time lost and corruption in certain ministries are impediments. |
| Factor #6: Banking | The financial sector is opening up through introduction of private banking, although inefficient and corrupt state banks constrain the efficiencies to be gained. |

| | |
|---|---|
| Factor #7: Wage and Price Controls | Most price controls have been removed, although again government's operation in distribution of agricultural products influences pricing. There is a minimum wage. |
| Factor #8: Property Rights | There has been no nationalization since 1973. There is social resentment, however, against individuals who have acquired privatized properties (as some have done so through non-transparent and privileged means). |
| Factor #9: Regulation | Rampant corruption and excessive procedural regulation throttle the private sector. |
| Factor #10: Black Market | High textile tariffs have produced a vibrant market in smuggled goods. |

Since this assessment in 1995, inflation has dropped substantially, the state-owned banks are being restructured, and the Mkapa Administration has taken some high profile steps against corruption. Nonetheless, the undoing of decades of an over-regulated private sector under socialism and the unbridled corruption that entrenched itself during the past decade is a monumental task facing the new Administration.

The difficulties faced by large local firms and foreign investors are shared by small businesses and entrepreneurs. However, the nontransparent regulatory obstacles and burden of taxes hit the smallest firms the hardest as they often are in the least favourable position to "negotiate" a timely and financially bearable solution. Financing the business from the start e is usually the first-order constraint which prevents small and medium-sized businesses from ever reaching sufficient scale to really become well established and to expand. Those which do often must rely on personal and family financial resources for a significant period of time.

Through United States, Nordic and multilateral donor assistance, special funds are being made available to small and medium-sized businesses. USAID established a Business Service Center where business advisors are available to diagnose client needs, prepare business plans, help negotiate contracts, assistance in accounting, marketing, and export development and promotion. USAID also setup a microenterprise fund which is operated through an indigenous bank and started the country's first venture capital fund of $20 million for upscale companies. The International Finance Corporation is providing small and medium sized companies financing to undertake new initiatives. UNIDO is providing funds for women entrepreneurs to upgrade their operations in the footwear and leather goods industry.

In the rural areas where the majority of the population lives, 12 million rural households have income below the poverty line. Approximately 6.6 million are chronically food insecure, and nearly 700,000 rural households have such small holdings that they can not provide subsistence level production. In a study of the affects of structural adjustment on

the rural areas, Ferreira found that those below the poverty line dropped from 65 percent of the rural population in 1983 to 50.5 percent in 1991. During the same period the number of better off rose from 5.7 to 9.5 million. Thus what can be seen is that income inequality has increased from 1983 (Gini of 52%) to 1991 (Gini of 72%). Those who benefited most were the coffee farmers, for instance, with the inefficient farmers and those not producing for export fell behind. The study also found that those with higher levels of education could respond to the opportunities afforded by economic liberalization and benefited the most. The declining primary school enrollment rates are therefore worrying as the ability of increasing numbers in future generations may not be prepared to withstand future economic and employment changes.

## 1(c) Labour market and regulatory environment

Minimum monthly wages set by regulation rose from TShillings 480 in 1980 to TShillings 17,500 in 1995. However, these nominal minimum wages when measured against the purchasing power of the currency in real terms actually depreciated since 1980.

According to a study by G.D. Mjema and J.L.M. Shitundu of the Economic Research Bureau, University of Dar es Salaam, the advent of the Structural Adjustment Program has rendered minimum wage regulations meaningless. The number of job seekers are so numerous that employers are actually paying below the legal minimum wage (and thus far below real wages) because they are well aware that there is a long queue ready to replace the existing workforce if they complain to the Minimum Wage Board. Essentially wage negotiations have become a personal rather than a collective and state-enforced matter, much to the advantage of employers. Government itself as a major employer with budgetary pressures is disinclined to raise minimum wages for workers. In short, the labour market is operating very much to the advantage of employers.[1]

Employers can not dismiss workers without proper notice according to the Security of Employment Act Cap 574 of 1964. But job security under the Structural Adjustment Program has withered under massive retrenchments within government and among parastatals. Mjema and Shitundu found that private firms also were downsizing their permanent workforce and increasing the use of temporary labour. The advent of the SAP has rendered current and future employment quite uncertain for increasing numbers of workers.

The laws pertaining to labour market oversight therefore in effect are irrelevant and really do not protect workers. Observers have also complained that laws and regulations are too numerous and found scattered across too many books.

Industrial court procedures in Tanzania are performed in accordance to the Permanent Labour Tribunal Act No. 41 of 1967/Industrial Court Act No. 3 of 1990. It is popularly known as the Industrial Court Act and has undergone amendments in 1970, 1982, 1990, and 1993. It has jurisdiction in respect of matters pertaining to:

a) resolving trade disputes between employees and their respective employers.
b) registering collective or negotiated agreements between workers and employers
c) reviewing and or enquire into trade disputes and report to the Minister
d) registering production targets
e) registering bonuses

The procedure for settlement of disputes is as follows:

1) A dispute is reported by or on behalf of employees or employers
2) A member of a trade union reports a trade dispute to the union branch (UB) at the place of work within seven days of its occurrence and the union branch reports the same to the Labour Officer (LO) within fourteen days
3) Where no union branch exists, the trade dispute has to be reported to the District Secretary (DS) of the registered trade union or the District Labour Officer (DLO) within fourteen days
6) The UB, DS or DLO then use best endeavour to conciliate the parties to the dispute and effect a settlement
7) The settlement will then be endorsed by the Labour Commissioner after which it will be known as negotiated agreement
8) The Labour Commissioner will transmit the negotiated agreement and the report or any comments he/she may wish to the court.
9) A negotiated agreement will become operative or binding upon parties once duly registered by the court.

However as observed earlier, the labour market is such that labour disputes have become more of a personal matter than a collective matter with the result that procedures established by the Ministry of Labour and Youth Development are not followed.

In contrast to many other African countries, trade unions are relatively weak reflecting decades of virtually no private sector and close government control over civil service and parastatal workers unions. However, with the growth of the private sector and the onset of multiparty rule, the number of trade unions has increased, and they have become far more vocal. The Tanzania Federation of Free Trade Unions (TFFTU) is an umbrella organization of 11 independent unions which are:

- TRAWU (Railway Workers)
- CHIDAWU (Conservation, Hotel, Livestock Workers)
- TUICEO (Industires and Commerce)
- TAMICO (Mines and Construction)
- RAAWU (Researchers, Academicians and Selied Workers)
- COTWU (Communications and Transport)

- TTU/CWT (Teachers)
- TUGHE (Government and Health Workers)
- TALGWU (Local Government)
- TASU (Seamen)
- TPAWU (Plantation and Agriculture)

There have been trade disputes in Tanzania but primarily at factory levels. However in November 1993 secondary schools teachers went on strike to force recognition of their union and to demand improvements in conditions of service. In March 1994 a three-day nationwide strike was called by TFFTU (then OTTU) demanding an increase in the minimum wage and that benefits be paid without delay to those retrenched.

The unions have been more active at the national level by voicing their concerns to government about retrenchments and privatization, but the need for these measures are widely recognized as being necessary to end decades of inefficiency with the result that unions cannot in principle oppose government's budget tightening measures. Trade union officials thus have become more involved in proposing more equitable investment policies (e.g. reducing the concentration in a few select sectors such as tourism, spreading development activities across more regions of the country). They have also argued that there is a need to update and unify labour laws and to make the industrial court function more independent of the regular judicial system. Finally, officials have urged government to use pension funds to invest in projects that are more in the interests of broadening social welfare.

As a consequence of economic reform and the growth of the private sector, employers and industrial associations have also become better organized. These include The Association of Tanzania Employers (ATE), Tanzania Chamber of Commerce Industry and Agriculture (TCCIA), Confederation of Tanzania Industries(CTI), Textile Manufacturers Association of Tanzania (TEXMAT), Tanzania Farmers Association(TFA) Metal Engineering Development Association (MEIDA) and the Freight and Forwarders Association (FFA).

Many of these associations characteristically have lobbied government to monitor foreign investment more closely so as not to unfairly compete with local industry and to punish customs officials and importers who do not fully comply with the tariff regimes. They have also objected to the tax holidays provided by the Investment Promotion Centre to foreign investors.

## II. EMPLOYMENT AND WELFARE

### 2(a) Unemployment

Total employment grew at an annual average rate of 3.2 percent between 1978 and 1988, and continued to grow at the same rate or even faster in recent years. Most of the employment growth has been in the traditional agricultural sector and increasingly in the informal sector.

Of the estimated 8.9 million people between the ages of 15 and 64 who are economically active, 8 million are employed, which implies an unemployment rate of 10.7 percent. The unemployment rate is much higher among women (12.3 percent), among 15-19 year old youths (16.4 percent) and in urban areas (16.1 percent). Men over the age of 35 find jobs more easily in urban areas than in rural areas.

Currently over 20 percent of the labour force is estimated to be without jobs. Unemployment among urban youth especially is raising concerns. Over 400,000 new job seekers enter the job market each year. Lack of jobs does not always translate into poverty as the extended family safety net and the informal sector have helped to mitigate economic hardship of joblessness. However there are limits to the role of the family safety net.

Agriculture engages about 80 percent of the employed working age population, 65 percent of the total national labour force, produces over 40 percent of the GDP, and contributes 60 percent of foreign exchange earnings. This sector (which includes crops, fishing, livestock and dairy production ) offers the greatest opportunity to absorb excess labour. Involvement in sporadic and seasonally-related wage work is not uncommon. Rural wage employment has been stimulated by the increased market opportunities for agricultural export output

If Tanzania's economy grows at 4-6 percent a year in real terms, a sufficient number of new jobs could be created to hold the unemployment rate at current levels. Shifting from subsistence agriculture to cash crop production will enable farmers to hire both farm and off-farm labour. As illustrated earlier, the recent upward trend in basic commodity export production, which tends to be labour intensive, is a very favourable development. It can help curb urban unemployment due to rural-to-urban migration.

Also as noted earlier, tourism is expanding rapidly with 900,000 visitors expected to arrive annually by 2000. In 1997 the industry created $322 million in earnings, represented nearly 25% of the country's export earnings, and employed 25,700 people. This sector could become the number one foreign exchange earner, after coffee, and absorb some of the unemployment.

## 2(b) Underemployment

It is officially estimated that 2.7 percent of the overall labour force is underemployed, meaning that they worked less than 40 hours a week although they were available for additional work. Over 30 percent of the working population is without full time work. Some of them, especially women, choose to work less than 40 hours. However, some studies show that the actual magnitude of involuntary part-time employment is much higher than officially estimated.

The ratio of those who work less than 40 hours per week is significantly higher in rural areas than in urban areas. In contrast to patterns of outright unemployment, underemployment is more of a problem in the rural sector where seasonal variations in labour demand are inevitable. Ferreira found that the percentage of rural households hiring seasonal labor increased from 12 percent of the households in 1983 to 22 percent in 1991. Among the better off farmers, seasonal hiring jumped from 16 to 27 percent during that period. This further underscores the fact that there is considerable underemployed labour waiting to be absorbed in the rural employment market.

One may look at underemployment in a different way as well. A person may be working 60 hours a week but for very little pay, meaning that he or she is receiving earnings that equate to underemployment. An estimated 28 percent of those who work 40 hours or more a week report monetary returns less than the subsistence wage.

## 2(c) Informal versus formal

The formal sector in Tanzania comprises the civil service, parastatals, and private firms and accounts for about 10 percent of the employed population, excluding agriculture. The Labour Force Survey of 1990/91 estimated that about 810,000 people then were employed in the formal sector, of whom over 60 percent were in the public sector. However between 1984 and 1991 the number of those employed in the formal private sector more than doubled. Those engaged in services and trade have increased the most.

Between 1992/93 and 1994/95 the government began implementing a plan to retrench a total of 50,000 of the 350,000 civil servants which was equivalent to 15 percent of its 1994/95 total labour force. The World Bank, however, considers this to be too small and is pushing for even deeper cuts in the public service.

The elimination of jobs in parastatals has occurred too. In the large scale agricultural sector, which was 35.6 percent of the formal wage employment in 1985 and where the reforms led to closure of some state owned large scale farms, employment has declined to 38,900 people by 1991.

The retrenchment process is linked to growth of informal sector activities in two ways. As inflation has eroded formal sector employee incomes, employees have engaged in informal sector activities as a means of supplementing incomes. Secondly those retrenched and

other job seekers have resorted to informal sector activities as the only form of employment of last resort.

The informal sector has expanded rapidly with economic reforms and is considered a growing source of employment, accounting for about 10 percent of the employed working age population. The Labour Force Study of 1991 reported that about one million people of all ages were currently engaged in informal sector employment. The 1991 National Informal Sector Survey (NISS) showed that about 2.4 million people were involved in the informal sector at some point during the year. The typical occupations in the informal sector were trading and providing unskilled labour (32 precent), craft work (28 percent), and attending shops and providing specialized services (25 percent). On average, an informal sector operator makes a monthly income which is comparable to the monthly earnings in the formal private sector and often much higher than the wages paid by the Government to its low skilled workers.

The NISS delimited the informal sector as being comprised of an:

i) unregistered enterprise
ii) enterprise employing not more than 5 people
iii) agricultural activity must be for income generation purposes
iv) any kind of premise used for operation is acceptable
v) private enterprise activity

The NISS found that 70.4% engaged in the informal sector were employed in a public or private sector job, supporting the observation that the informal sector is an important source for supplementing formal sector income. The largest population owning/operating an informal enterprise was between 30-39 years of age (31%) and those between the ages of 20-29 represented 30% of all operators. This indicates that the informal sector is not just an economic activity for young people. The largest age group working in the informal sector as an employee was the 15-19 year old group (27%). This conforms with other data showing that nearly 90% of Standard VII/VII school leavers can not get a place in Form I and are forced out of the formal education system.

In examining data gathered in Dar es Salaam, Omari noted that university graduates are beginning to enter the informal sector. As he cautions, this does not represent a trend. But it does flag the possibility that the demographic composition of the informal sector is beginning to change in significant ways. Nonetheless the informal sector is dominated with those who have only achieved primary school education.

**Dar es Salaam Informal Sector Composition by Education**

| | 1991 | 1995 |
|---|---|---|
| No education | 34536 | 32767 |
| Not complete primary ed | 29419 | 31429 |
| Complete primary ed | 113861 | 134998 |
| Form I | 4265 | 3549 |
| Form II | 11561 | 17057 |
| Form VI | 4992 | 1534 |
| University | 0 | 1582 |
| Total | 198634 | 222915 |

Males slightly outnumber females in the informal sector. The Dar es Salaam survey mirrors the national pattern.

Urban agriculture has become a major informal sector activity. Satellite imagery taken in 1988 of Dar es Salaam, for instance, showed the 23% of the city was being used for agriculture, of which 500 hectares was devoted to vegetable production. Urban agriculture at that time ranked second to small trading and provision of services by occupying 11% of the city's population over the age of 10. Tripp discovered that in the urban informal sector women began playing an increasingly important role during the 1985-1995 period by maintaining "projects" (e.g. chickens, gardening) and microenterprises. Women are primarily engaged in gender stereotyped activities (food vendoring, crafts, textiles and clothing). Some have become involved in wholesale activities, travelling to neighbouring countries like Kenya, Malawi, and Zambia to sell Tanzanian goods and resupply stocks for sale back home.. Tripp observes that many women gained physical and financial independence and shifting some of the dependence on the wage earner of the family to informal sector earnings.

## 2(d) Demographic trends

Tanzania's population recently has been growing at estimates ranging from 1.15% to 2.8% per annum and is estimated to be 28,100,000 to 30,340,000 inhabitants of nearly equal numbers of males and females. The population growth rate has shown an unmistakable downward trend from the previous growth levels of 2.8% for the 1978-1988 period and 3.2% during the 1967-78 period.

There are 131 distinct ethnic groups with as many languages, but the official language, Swahili, is widely and proudly spoken throughout the country. The commercial language is English.

The demographic structure has remained roughly the same since 1983 with Tanzania having a very young population. More than one-half the population is under the age of 19. Those under 10 years of age are more than 30% of the population. About 13% are between the ages of 10-14. A 1990 World Bank report predicted that, because of the AIDS epidemic, the age structure will shift more towards being a young population.

According to the Labour Force Survey of 1990-91, there were then about 8.9 million in the working age workforce in Tanzania. Women represented slightly less than one-half of the work force.

In 1978 12.7% of the population lived in urban areas; ten years later the urban population had grown to 26.8% of the national population. Between 1980-1991 the urban population grew at 10.1% per annum. Increasingly this growth is internal and not due to rural-to-urban migration. For example during the 1988 census it was discovered that 48% of the population of Dar es Salaam was born in the city.

It is estimated that the current workforce is about 13.5 million people. The labour force has been growing at over 3 percent per annum. However, the 1990 World Bank report suggests that the working-age population might be roughly 20% smaller by 2020 due to rising deaths caused by AIDS. In gross terms, an estimated 400,000-600,000 new entrants join the labour market each year.

As will be noted later, many of the 15-19 age group who are unemployed or inactive are Standard VII/VIII leavers with only minimal skills to obtain formal employment. The national training system thus is faced with a major challenge.

## III. EDUCATION

### 3(a) Enrollment

In terms of adult literacy (i.e. those 15 years and above), Tanzania has compared favourably with other African countries. According to UNESCO in 1980 the country ranked 9$^{th}$ (65.2%) for male adult literacy and 13$^{th}$ ( 34.1%) for female adult literacy among 44 sub-Saharan nations..

Fifteen years later Tanzania basically held its position with male adult literacy ranked 12$^{th}$ (79.4%) and female adult literacy ranked again at 13$^{th}$ (56.8%).

It is currently estimated that of those 15 years of age and above, 80% of the males and 57% of the females are literate. However, female illiteracy rate is concentrated among older women who if excluded in the measurement, would reduce the gender gap in literacy.

Each year from 1992-1996 nearly 1.8 million adults attended functional literacy classes and another 1.5 million attended post-literacy classes.

Tanzania has had universal primary education for more than two decades. Since 1977 for children between the ages of 7 and 13, seven years of schooling has been compulsory. Pre-schooling enrollment is rising rapidly, and it is estimated that by 2000 50% of pre-school age children in urban areas will be attending school.

The government has taken the responsibility of educating primary school pupils with very few attending private schools.

**Primary School Enrollment**

| | **1992** | **1993** | **1994** | **1995** | **1996** |
|---|---|---|---|---|---|
| Public | 3,599,580 | 3,732,943 | 3,793,201 | 3,872,473 | 3,937,204 |
| Private | 3,908 | 3,791 | 3,629 | 5,170 | 5,684 |

However, total primary school enrollment fell from over 90 percent of available cohort age groups in the 1980s to about 69 percent in 1991 and slipped further to 54 percent in 1993. This, as noted later, is a direct result of new government policy requiring parents to contribute to school capital development and to pay for recurrent expenses such as books and other materials previously supplied by the state.

**Primary School Net Enrollment Rate**

| | 1992 | 1993 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|
| Net Enrollment Rate | 54.2% | 53.7% | 55.2% | 55.4% | 56.3% |

About 1.5 million students drop out of the primary school system between the ages of 13 and 14 each year

While the number of girls enrolled at the ages of 7-13 is at similar levels to that of boys, more girls than boys drop out of the primary school system between the ages of 13 and 14. Each year during the period between 1992-1996, 14-17 year-old girls attending school averaged about 76,000 fewer in number than boys.

In contrast to primary education, Tanzania has witnessed the marked increase in private secondary school enrollments, almost mirroring the liberalization of the economy as a whole.

On average net enrollment rates for secondary school has only been 7 percent of all children. The trend of declining female enrollment continues at the secondary school level with their numbers being approximately 23,000 fewer than boys each year.
The University of Dar es Salaam, Sokoine University of Agriculture, Open University of Tanzania and teacher-training and livestock/agricultural colleges form the higher education system. The University of Dar es Salaam has an annual enrollment of about 4,000 first degree students and 450 graduate students. Sokoine University located in Morogoro has an annual enrollment of 1,230 first degree students and 190 graduate students. The thirteen state-run livestock/agricultural institutes spread widely around the country enrolls nearly 2,900 certificate and diploma students each year.

The Open University, which offers Baccalaureate degrees in seven program areas, was established by an Act of Parliament in 1992 and became operational in March 1993 with expertise and material support from other distance education institutes. The first intake in January 1994 was 766 students. Subsequent intakes in 1995, 1996, and 1997 were 738, 1221, and 961, respectively. There are 17 regional centers, 10 of which have full-time directors, and 36 smaller study centers. Foundation courses for students who need preparatory work to meet degree entrance requirements.

Teacher education colleges supply teachers for the primary and secondary school systems. In 1996 total enrollment in public teacher education colleges dropped by approximately 3,000 students, reversing the trend of increasing enrollments since 1992.

## 3(b) Educational investment

As noted earlier the Mkapa administration has pledged 1% of GDP to support basic education and basic health in 1996/97. As a percentage of GNP educational expenditures fell from 4.4% in 1980 to 3.6% in 1985 and then rose to 5% in 1990.

In the mid-1980s education slipped in terms of percentage of government expenditures relative to other sectors, but for the most part education has held steady at about 12% of the actual budget. During the last two years, education moved ahead of competing sectors such as defence and health during that last two years. Nonetheless, real public expenditure in education declined by 25% between 1975 and 1990 rendering recent advances less potent.

In comparison with other sub-Saharan countries, Tanzania does not fare well either, ranking toward the bottom of the group.

In terms of recurrent expenditures, however, educational outlays have dropped steadily over the years

Increasingly educational recurrent expenses are falling on the shoulders of parents. For example, the yearly cost of a girl attending an ordinary state primary school is as follows:

| | |
|---|---|
| Uniform | P Skirt (2 per child) @$18.30 |
| | P Blouse (2 per child) @ $8.30 |
| | P Black shoes @ $20 |
| | P White socks (2 pairs) @ $5.00 |
| Stationery | P Books, pencils, etc. $16.75 |
| School Building Fund | P $16.75 |
| Bus fare | P $15.00 |
| TOTAL | $ 100.10 |

With per capita income at around $120 per year, these costs are prohibitive for a large segment of the population, causing more and more parents to keep their children out of the formal educational system..

The most equitable program to reach the lowest income groups in Tanzania is nevertheless primary education. The per capita subsidy with each sub-sector indicates that approximately 20 percent of primary school spending goes to each income group or quintiles.

For secondary schools, the better-off receive much more benefit than lower income households. There is a large disparity in enrollment between children from poor and better off households at this level with the result that the current pattern of poverty will be perpetuated. Just two percent of boys and girls from household s in the lowest expenditure quintiles were enrolled in secondary school in 1993. Children from poor household also tend to leave school at an earlier age than do better off children. By age 14 to 17, about 50 percent of poor children are out of school, compared to 37 percent among the better off. Later entry as well as earlier exit characterize students from lower income families.

| Net Enrollment by Welfare Quintile, 1993 | | |
|---|---|---|
| Age Group | Poorest Quintile | Richest Quintile |
| 7-9 | 27% | 47% |
| 10-13 | 77% | 90% |
| 14-17 | 50% | 63% |

Also, a small percentage of children of school age in rural areas attend school than those who live in urban areas.

| Net Enrollment by Location, 1993 | | |
|---|---|---|
| Age Group | Rural | Urban |
| 7-9 | 30% | 47% |
| 10-13 | 81% | 85% |
| 14-17 | 57% | 81% |

Access to tertiary education is the most inequitable since virtually all university students belong to the two highest income quintiles. In the secondary and tertiary programs, the two highest income groups receive 60.7 percent and 100 percent of the total benefits, respectively.

### 3(c) Educational outcomes

The quality of primary education is deteriorating. In a 1995 UNESCO survey it was found that the average class size was 40 pupils in Grade 1 per teacher. In addition, 54% of the classrooms had no usable chalkboard, 36% of schools were without water, and 29% had toilets which were not usable. In the rural areas the number of pupils per toilet was 68 and in the urban areas in was 32. Only 60% of the teachers had primary school education, although Tanzania was the country to have required certification of all teachers. In 50 percent of the cases, when a teacher retires or is transferred, no replacement is assigned. Over one-third of the teachers were absent from school two or more days per week. Homework was rarely assigned. In terms of community involvement, over 80% of the children went to schools where there was no Parent-Teacher Association. Thus whatever gains might be gotten in enrollment ratios, learning conditions are so poor in primary schools that children and teachers can not perform well except for the most resilient and devoted. The quality of secondary education is deteriorating for many of the same reasons.

Two years ago in an effort to stem the deterioration, the government instituted a policy of forbidding Standard VII/VIII leavers entry into primary school teacher training programs and establishing completion of Form Four as a minimum requirement. At the same time Form Four leavers can no longer enroll in secondary school teacher training programs which now requires Form Six completion.

## IV. TRAINING

### 4(a) Training enrollment

The greatest challenge for Tanzania is the number of Standard VII/VIII Leavers who are not selected to go to Form I. Each year between 1985-1996 an average of 320,000 of these out-of-school youth, representing 88% of Standard VII/VIII Leavers, have not entered the secondary school system.

Post-Primary Technical Centers were established in 1976 to extend primary education in crafts and trades for those who could not be placed in the secondary school system. Enrollments in these 313 PPTCs declined from 50,000 in the late 1970s to 8,000 in 1991. Their deterioration parallelled that of the primary school themselves to which they were attached.

Folk Development Colleges were created in 1975, modelled after the Swedish Folk High Schools. Again, the courses were intended to provide skills for self-employment. The 52 FDCs with a capacity of more than 3500 students offer courses that last from a few days to two years in agriculture, domestic sciences, trades, and basic mathematics, science, culture and English.

Department of Youth Development, Ministry of Labour and Youth Development coordinates a nationwide program that relies on Youth Officers who work with local officials and community leaders. Young people are motivated to participate in meetings, workshops and outings to help them gain life and work-oriented skills. Meetings are held in school rooms and other community facilities. It is estimated that there are 1000 youth groups engaging 25-30,000 youth.

In 1994 Parliament established the Vocational Education and Training Act No. 1 which has led to the development of eight Regional Vocational Training and Service Centers, excluding one to be built in Mtwara in 1997, ten Vocational Training Centers, and the incorporation of the Morogoro Vocational Teachers Training College. They operate under the Vocational Education and Training Authority. The minimum age at time of admission is 15 years, and a minimum qualification is having completed primary education. Full boarding fees is $100 and day student fees is $50 per year. Courses available are categorized as building/construction trades, transport trade (mechanics), metal trades, and commercial trades, which includes entrepreneurship. The estimated capacity is 2700 students.

In addition there are a number of private vocational training centers. Some of them are listed below in order to provide a sense of the variety and capacity of private sector training providers.

| Name | Courses | Duration | Capacity |
|---|---|---|---|
| Baptist Training Ctr | Tailoring<br>Music | 1 year | 30 |
| Homecraft Ctr | Tailoring<br>Handicraft<br>Food and Nutrition | 1 year each | 20 |
| The Modelling House and Training Center | Tailoring | 1 year | 120 |
| DAREDA Workshop Vocational Training Ctr | Carpentry<br>Masonry<br>Agromech.<br>Filter/Turner<br>Welding | | |
| YMCA Vocational Trg Ctr | Refrig/AC<br>MV Mech<br>Filter/Turner<br>Electrical | 1 year each | 280 |
| Mercedes Benz Trg School | MV Mech | 6 months | 60 |
| Equator Trg Ctr | Tailoring | 1 year | 130 |
| Caritas Tz Women Dev Homecraft School | Tailoring<br>Embroidery<br>Tie & Dye<br>Knitting | 1 year each | 60 |
| Njombe Bamboo Craft Trg Ctr | Bamboo Crft<br>Sisal Crft<br>Tailoring | 1 year each | 36 |
| Chuo cha Ufindi Rubya | Driving | 6 months | 100 |
| Chamjale Youth Trg Ctr | Carpentry<br>Blacksmith<br>Agriculture | 1 year each | 35 |
| Mkowe Trade School | MV Mech<br>Masonary<br>Carpentry | 1 year each | 80 |
| Nyabanji House Craft | Tailoring | 9 months | 15 |
| Mwatex Technical School | Textile Craft<br>Electrical<br>Motor Rewindng<br>Plumbing | 1 year each | 20 |
| Diocese Workshop Trg School | Electircl<br>Mechanics<br>Plumbing | 1 year each | 40 |
| The Modern Techn Trg Ctr | Electrical<br>Welding<br>Fabrication<br>Masonry | 1 year each | 100 |

Excluding PPTC, FDC, and RVTSC/VTC capacity (and agricultural/livestock training institutes presented above as part of the education system), it is estimated that the national training capacity is 16,090 places in a wide range of business, computer, management, accountancy and trade skills courses.

| Subject Area | No. Institutions | Capacity |
|---|---:|---:|
| Accountancy | 13 | 1140 |
| Business | 80 | 6350 |
| Computer | 15 | 1650 |
| Trade/technical | 65 | 6950 |

The above organizations comprise of parastatal, private, and religious/charitable-associated institutions with course capacity as small as 10 and as large 300.

A more recent challenge has been attending to the training needs of increasing numbers of adults being retrenched from the civil service and parastatals. The government's principle approach has been to provide training which will increase self-employment.

In 1994 the government launched the Enterprise Development and Training Programme. This redeployment program involves (a) general counselling, training and information provision and (b) enterprise development and training. Phase one of the program, which began in October 1994 and was completed in March 1995, involved training of 295 potential entrepreneurs. During this phase workshops were conducted in five zones (Southern Highland Zone, Central Zone , Coastal Zonal, Northern Zone and Lake Zone). The second phase, which covered the period from May to October 1995, comprised of workshops on entrepreneurship and venture management and attracted 500 participants.

## 4(b) Training investment

For nearly three decades Tanzania oriented its workforce towards the expectation of lifetime employment in government, parastatals or communal agriculture. The political themes, economic policies, and educational curricula were distinctly anti-private business and anti-entrepreneurship. That has changed dramatically. The Ministry of Industry and Trade, for instance, has developed a Sustainable Industrial Development Policy which envisages greater emphasis on the training of workers at all levels for and by private sector employers. The government recognizes that there is a pervasive lack of sufficient numbers of workers with technical, managerial, and entrepreneurial skills and with the attitudes required for creating a modern, competitive industrial culture. Training, which has always been something highly valued in Tanzania, is again seen as a critical means for re-orienting and re-tooling the nation's workforce.

During the past decade of economic liberalization, new areas of occupational opportunity are beginning to emerge. Tourism is the leading industry in Africa and is projected to be the number one industry in Tanzania within a few years. Tourism accounted for 6% of

GDP and 7.5% in 1996 and in 1997, respectively, and employs more than 25,000 workers. The country has some of the finest game reserves in Africa, including the Ngorogoro crater, and the tallest mountain and the deepest lake on the continent. With better infrastructure and international publicity, the industry could quickly rival that of its neighbour, Kenya which began to lose some of its tourism trade to Tanzania resulting from political instability. Greater reliance is being placed on the private sector which will need increasing numbers of employees in hospitality services.

The mining sector is expanding rapidly. Although formal wage employment slid from 5,698 workers in 1986 to 3,200 employees in 1991, this was primarily a consequence of greater operational efficiencies and higher labour productivity. With the continued increase in foreign investment in this sector, employment opportunities are expected to increase, not only for the semi-skilled but also for highly skilled engineers, production managers, maintenance technicians and the like. In addition, a bill pending Parliamentary approval will encourage local artisanal and small mining companies which should be expand self-employment and wage earning opportunities. It is estimated that more than 800,000 people already are employed in this sector.

Agriculture is the foundation of the nation's economy representing the livelihood of more than 9,115,000 people or more than 80 percent of the population. The export segment (tea, coffee, cotton, sisal, tobacco, cashew nuts) has been the underpinning of increased international trade. During the early economic restructuring, formal wage employment declined due to the collapse of large scale government agricultural enterprises. However, privatization and the increased volume and value of export agricultural commodities has been steady and strong, creating--as noted above--increased demand for seasonal semi-skilled labour in the rural areas by the more prosperous farmers and increased demand for technically qualified persons to operate the factories.

A total of 61,500 square kms (6.5% of the country) is in the form of rivers, lakes and dams and there are 64,000 square kms of territorial waters along a coastal strip of 800 kms. More than 100,000 people are currently employed in the fishing sector with an estimate potential of absorbing 200,00 workers.

The construction industry represents 50 percent of capital formation has been the largest sector in the country's investment program. However, compared to foreign firms, local contractors have limited financial resources, little experience, and generally poor equipment and plant. As long as the economy is growing and because their is such a lack of skilled people in this sector, it likely will continue to be an area of employment growth.

With considerable donor support to refurbish the road network and easing of import restrictions, the transportation sector has expanded greatly within the past years, putting many more commercial vehicles on the roads and spare parts in circulation. Opening the borders for increased trade and the need to serve floods of refugees, also stimulated the sector. Although the recent floods took a toll on the roads and temporarily hurt many

transporters, for the most part this sector has created appreciable demand for drivers, mechanics, and other downstream occupations that support the sector.

Formal wage employment in manufacturing stagnated during the 1986-1989 period but nonetheless was 11 percent higher than during the 1980-84 period. This is a reflection that inefficient parastatals still employ about one-half of the formal manufacturing labour force. Small scale manufacturing in the informal sector, while not representing much in terms of GDP, is estimated to have the capacity of employing 62.5% of the yearly increase in the urban labour force, compared to only 8.5% of the formal sector.

### 4(c) Training outcomes

By law all private companies are required to contribute a certain percentage of payroll towards the training of their employees. However, the common complaint is that the type of training offered by the majority of the training institutes and vocational centres does not match private sector requirements. Increasingly employers are employing individuals without academic or vocational qualifications in favour of those who have job related experience.

A growing consensus is that in order to improve training outcomes in Tanzania, the following steps need to be taken:

(1) Re-design course content and curricula in training institutions to match labour market requirements;
(2) Shorten the period of training whenever possible so as to get trainees into productive activity; and
(3) Foster greater interaction between the training institutions and employers, especially private sector employers.

Currently, with assistance from the Nordic countries, the curricula at government Vocational and Education Training Centers (VETA) are being redesigned to cater for private sector employees who cannot afford to release their employees from work for long periods of time to attend training. Training modules not determined by employers to be useful will be eliminated or substantially reduced and others that reflect employer needs will be strengthened.

In the event that additional funds can be obtained, the VETA system would invest in the formation of business incubators where vocational school graduates can apply their technical skills and gain work experience while at the same time receiving training in how to market their products and get capital to develop their own businesses. Because of the great number of people residing in the rural areas, there is also discussion about beginning community based training that focuses on vocational and business skills required to meet the needs of the local market.

Parents and students often lack accurate information on the market demand for skills with the results that there is a tendency of students enrolling in courses which do not prepare them for available employment. In many instances the courses available are not affordable for many parents such as courses in computer technology and electronics. At the same time a number of private institutions do not have the type of modern equipment which would prepare students for employment.

## V. INSTITUTIONAL COORDINATION

Currently, there is very little institutional coordination in the field of training. The National Council for Technical Education Act of 1997 was established to register and accredit technical institutions and to create a focal point for monitoring training.

The National Employment Policy published by the Ministry of Labour and Youth Development in 1997 lays out a rationale and institutional structure for bringing people into the employment mainstream. The government recognizes that the availability of trained workforce is needed to encourage greater investment. It is also understood that a more careful estimation of the types of skills needed is needed which will require collaboration among government agencies, the private industrial associations, academic institutions, science, technology and social research bodies, and non-governmental organizations.

The new policy proposes that a National Employment Council be formed and chaired by the Office of the Vice President with the Ministry of Labour and Youth Development as the Secretariat. The responsibilities of the Council will be to:

- Coordinate employment policy in the country by relating activities of each sector with the growth of employment and labour productivity;
- Lay way for conducive environment which will attract parastatals and various institutions, private sector, NGOS, individuals in contributing to the increase and sustainability of employment;
- Supervise, coordinate and evaluate the implementation of the employment policy;
- Related the implementation of other national policies with the objectives of employment policy in order to facilitate implementation on an integrated basis;
- Direct more resources to the implementation of the policy; and
- Coordinate expenditure and development of youth, women and petty trader's funds with the objective of ultimately having a self-sustaining National Employment Trust Fund.

At the operational level the policy proposes coordination among these various parties at the district level. The function of these employment promotion offices will be to:

- Collect, compile, translate, store and distribute data related to political sub-system and all information pertaining to the labour market;

- Assist job seekers to get desired employment by linking employers and seekers of employment within and outside the country; and

- Give advise to students/trainees on the state of existing labour market within and outside of the country.

The Ministry of Industries and Trade in its Sustainable Industrial Development Policy drafted in 1996 endorses the notion of specialized technical training and calls for the re-examination of the roles and objectives of all institutions which support industrial development and to appraise their relevance in the context of a unified national vision for the industrial sector. In the same vein as the Ministry of Labour's 1997 policy, there is a call to bring together industrialists and local research & development institutions.

# PERU

## *WORKFORCE DEVELOPMENT IN PERU: CURRENT CONDITIONS AND FUTURE OPPORTUNITIES FOR NGO INVESTMENT*

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# Executive Summary

***Workforce development in Peru:***
***Current conditions and future opportunities for NGO investment***

The Peruvian government and business community increasingly recognize the importance of developing the country's labor force. The Ministry of Education recently proposed the institution of an optional two-year program following secondary school, called a *bachillerato*, that is geared toward employment skills training. The Ministry of Labor has likewise embarked on a program called *ProJoven* which is designed to develop the skills of disadvantaged youth by creating a high level of coordination between training institutes and the businesses in which trainees serve as interns under the program. Meanwhile, a few of the larger companies in the business community have also recognized the importance of developing the skills of the country's labor force and have instituted their own formal in-house training programs.

Nevertheless, there remain a number of significant obstacles to the development of a well-functioning workforce development system, including:

- **Severe scarcity of economic resources** and the need to repay a huge public debt. The austerity measures implemented by President Fujimori, under pressure from the international financial institutions, have constrained the political system with respect to many important initiatives, including workforce development. The need to pay back the large amount of public debt has prevented the government from making key investments in infrastructure and technical and administrative capacity that are needed to achieve lasting reform. It has also prevented the vast majority of microentrepreneurs from gaining access to credit because the pressure on the money supply and the government's inability to guarantee debt have kept interest rates beyond the range of most microentrepreneurs. Finally, it is blamed by the government for its denial of business requests for tax deductions or other incentives to invest in worker training.

- **A huge dependence on the informal sector.** There are precious few formal sector jobs that pay beyond a bare subsistence wage, and most workers in the informal sector are underemployed and merely trying to survive. They do not learn the skills and competencies required for formal sector employment and career advancement and do not have the luxury of taking time to develop these skills and competencies outside of work. Unfortunately, there is very little vertical integration and subcontracting between the formal and informal sectors. Consequently, informal sector microenterprises do not have access to lucrative markets, do not receive the benefits of technology transfer, and do not improve their operations or customer service through feedback from more efficient formal sector customers. Judging from demographic trends, this situation will intensify. Currently 60% of the Peruvian population is 18 years old or younger. Unless these young people have the opportunity to develop their skills and participate in an economy that grows jobs or provides appropriate conditions for them to create their own employment, they will face even tougher times than their parents are facing now.

- **A disappointing school participation rate.** The secondary school completion rate is below those of Peru's neighboring countries. Many young people perceive that the school system teaches skills that are not useful to the world of work and in any event destines graduates to gross underemployment. The Ministry of Education's *bachillerato* program is designed in part to respond to this problem by keeping students in school and equipping them with the proper tools to quickly be productive in any job they choose or, as is more likely, to conduct a micro-enterprise with more savvy and efficiency.

- **The lack of a training system.** Peru has no coordinated or integrated national system of training organizations. There is instead a smattering of institutes offering a wide range of courses that greatly differ in quality and relevance to the job market. Most of them are small private-sector entities with poor infrastructure and poorly trained teachers. There is virtually no communication with employers regarding the competencies they require. Principal problems with these training institutes include: (1) a lack of communication between the demand side of the market (employers) and the supply side of the market (training institutes) regarding training needs, (2) a lack of accountability for results, (3) a scarcity of information in the market regarding quality and availability of programs, (4) unqualified trainers, and (5) obsolete techniques and equipment, or the simple absence of needed equipment.

**Recommendations for investment opportunities in workforce development**

Seven recommendations are made in the report for future workforce development investments:

1. *Help trade associations to form institutes based on current successful models(such as ADEX and CENFOTUR)*
2. *Lend money for the start-up of an eventually self-sustaining private or semi-private training institute, focusing on high quality, demand-driven courses*
3. *Invest in a private training institute, focusing on high quality, demand-driven courses*
4. *Encourage the development of financial incentives for employers to invest in worker training*
5. *Encourage the continued development of FOPECAL and other institutions designed to promote cooperation and accountability in workforce development, including a national forum in which multiple-stakeholders develop a holistic long range workforce development plan*
6. *Invest in basic education*
7. *Guarantee loans or provide competitive credit to microentrepreneurs*

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## I. Introduction

Peruvians have long been accustomed to challenges: political, economic and, currently, environmental. These hardships have given rise to a practicality and industriousness among the Peruvian people in creating a livelihood for themselves, whether it be peddling wares on the street or posting a taxi sign on their carefully-maintained twenty-five year old automobile. In short, Peruvians are survivors.
The challenge facing the country now is twofold. First, workers must acquire the skills they need in order to either add real productivity to a potential employer's business or to more efficiently and productively run their own small business. Second, Peru needs to produce more workers with the skills that will allow Peru to participate in the information age and the burgeoning global economy.

The purpose of this report is to provide an overview of the current workforce development landscape in Peru as well as to offer some concrete recommendations to donors and other investors in Peruvian workforce development. The information contained herein was obtained through interviews with Peruvian trainers, educators, business people and government representatives, review of numerous documents, review of speeches made at the USAID-sponsored Workshop *Workforce Development 2000*[66], as well as the author's own experience in the country. It is intended to be a starting point for those who would invest in Peru's labor force as well as a basis for comparison and cross learning with the other countries discussed in this volume.

## II. Current Conditions for Workforce Development in Peru

### *A. Enabling Environment*

While the current political environment in Peru is quite conducive to investment in workforce development, there are still formidable obstacles to a significant increase in such investment. The first part of this section will discuss the political, economic and regulatory conditions that are favorable to investment in workforce development, while the second part will discuss the current obstacles to workforce development initiatives.

#### (1) Conditions Favorable to Workforce Development in Peru

On a positive note, the Peruvian government as well as the business community have recognized the importance of developing the country's labor force. For example, the Ministry of Education has recently proposed the institution of an optional two-year program following secondary school, called a *bachillerato*, that is geared toward employment skills training. The Ministry of Labor has likewise embarked on a program called *ProJoven* which is designed to develop the skills of disadvantaged youth by creating a high level of coordination between training institutes and the businesses in which trainees serve as interns under the program.

[66] This Workshop took place in Lima July 21-22, 1997.

ProJoven is partially funded by a $167,000,000 loan from the Inter-American Development Bank (IDB) and is free to the trainees.

With respect to the legal and regulatory environment as it impacts workforce development, changes in the labor law have made it easier and cheaper for employers to hire more workers. A 1993 labor law eliminated many labor market distortions and extra employee costs. For example, employers are now able to hire and fire with greater freedom, at lower cost, and in more innovative ways than before. There are new alternative arrangements to full-time employment, such as part-time and temporary employment, which give employers more flexibility and make them less apprehensive about taking on new employees. Finally, unless an employment relationship of over four months is established, employers are no longer required to pay costly fringe benefits. All of these changes have lowered the burden on employers of hiring workers and providing them with at least some work experience.

In addition to the government, the business community has also recognized the importance of developing the skills of the country's labor force, especially in the competitive global environment that now exists.[67] Some of the larger companies such as Metalco, a metals manufacturer, have instituted their own formal in-house training programs. It is fortunate that businesses have now begun to espouse workforce development as the way to increase profits, in contrast to the traditional approach of keeping labor costs as low as possible.

The above initiatives and changes in approach have had only limited success, however, due to reasons to be discussed in the next section.

### (2) Obstacles to Workforce Development in Peru

The most important obstacle to workforce development in Peru continues to be the severe scarcity of economic resources and the need to repay a huge public debt. It is true that, since 1993, Peru has reached a level of economic stability that is conducive to many types of investments, not just investment in workforce development. Inflation is under control and, even though interest rates are still somewhat high, they are far lower than they were only a few years ago. The economy is also growing at a healthy pace, about 4 % in 1997.

However, the austerity measures implemented by President Fujimori under pressure from the international financial institutions (IFI's) have constrained the entire Peruvian political system with respect to workforce development and many other development initiatives. The need to pay back the large amount of public debt has prevented the government from making important expenditures on infrastructure and technical and administrative capacity that are needed to achieve lasting reform.

The need to repay public debt has also prevented the vast majority of microentrepreneurs from gaining access to credit because the pressure on the money supply and the government's inability to guarantee debt have kept interest rates beyond the range of most

[67] Interview with Dr. Luis Abugattas Majluf, Executive Director, Instituto de Estudios Económicos y Sociales de la Sociedad Nacional de Industrias, January 23, 1998.

microentrepreneurs.[68] A large problem for many microentrepreneurs is that in Peru one must have collateral to guarantee a loan. Thus, paradoxically, one has to have money in order to borrow money. This requirement makes access to credit beyond the reach of many microentrepreneurs. The government has attempted to remedy this problem by establishing *MiBanco*, which does not require a collateral guarantee for a loan. *MiBanco* is not widely used, however, because it charges an interest rate that is substantially above the market rate.[69]

Finally, the need to repay public debt has also caused the government to deny businesses' requests for tax deductions or other incentives to invest in worker training. According to one interviewee "[for tax purposes] spending money on training is the same as spending it on a carpet or a file cabinet."[70] A recent change in the law, however, now permits companies to import equipment without paying customs duties. However, the importer must still pay all other taxes. More problematic is that, in order to take advantage of this exemption it is necessary to obtain a "Supreme Decree" from the government, at the discretion of a government official. It is apparently quite difficult to get such a decree, giving rise to the opportunity for clientelism and patronage. Experiences in many different political systems have shown that in any system in which benefits are dispensed according to someone's discretion, as opposed to formal legal procedures and criteria, there is the possibility of clientelism and patronage.

The second reason why the business community's requests for governmental support for workforce development initiatives have had only limited success is that the political environment is not favorable to positive change at this moment. President Fujimori's popularity declined during 1997. This is widely attributed to, in part, his firing of three Supreme Court judges who ruled that the he could not seek a third term in 2000, reports that the government had tapped the phones of 167 political opponents, and the government's revocation of the citizenship of the owner of a TV station that had reported that Fujimori's intelligence chief had a $600,000 salary. These reports have strengthened Fujimori's opponents and made effective, lasting change harder to achieve.

### *B. Employment*

Peru has a huge informal sector. Along the streets of Lima, the capital, one is constantly approached by people selling virtually anything they can, from cookbooks to Kleenex, from light bulbs to lollipops. The informal sector is service oriented too. An endless string of makeshift taxis lightly honk their horns at all pedestrians, beckoning them to a comfortable informal sector cab ride. Those who choose to ride notice that the taxi is approached with several offers for a quick, efficient informal sector car wash. Endless other informal sector businesses are run from Peru's vast countryside. Indeed, the industrious Peruvian people have come up with a wide variety of "informal" ways to work their way around a severe shortage of formal sector jobs.

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68 Ibid
69 Ibid
70 Ibid

Officially, the unemployment rate at the end of 1997 was between 7 and 8%. *Underemployment*, however, is estimated to be at around 46%[71].
As in many developing countries, the employment statistics in Peru do not give a very complete (or reliable) picture. The 7-8% official unemployment rate ignores the huge informal sector. It must also be considered against available poverty statistics. The number of Peruvians living below the poverty threshold was 11.3 million in 1995, or 50% of the population. Those living in extreme poverty were 19% of the population.

Low wages in the limited formal sector have reduced the incentive for people to leave the informal sector. The minimum wage is currently 110.00 New Soles a month, which is equivalent to about $41.00 (U.S.) Very often the extra costs incurred in accepting a formal sector position, such as expenses for transportation and meals outside the home, make it more lucrative to stay in the informal sector. The informal sector is almost always more convenient for the worker because he or she sells goods or performs services usually within the vicinity of his or her home.[72]

Unfortunately, there is very little vertical integration and subcontracting between the formal and informal sectors. Consequently, informal sector microenterprises do not have access to lucrative markets, do not receive the benefits of technology transfer, and do not improve their operations or customer service through feedback from more efficient formal sector customers.

In sum, in Peru there are precious few formal sector jobs that pay beyond a bare subsistence wage. In response, there is a huge informal sector comprised of underemployed people who are merely trying to survive. They do not learn the skills and competencies required for formal sector employment and career advancement and do not have the luxury of taking time to develop these skills and competencies outside of work.

Judging from demographic trends, one would expect this situation to intensify. Currently 60% of the Peruvian population is 18 years old or younger.[73] Unless these young people have the opportunity to develop their skills and participate in an economy that grows jobs or provides appropriate conditions for them to create their own employment, they are bound to face even tougher times than their parents did.

### *C. Education*

Shortly after taking office in 1990, President Fujimori embarked on a massive IDB-funded campaign to construct "one school every weekend." It was a high visibility endeavor that made him appear to be keeping a campaign promise to reform the education system. Unfortunately, lack of money has prevented Fujimori from complementing this new infrastructure with reforms needed to improve the quality of education. He has been unable to fulfill campaign promises to substantially improve teacher education, increase teachers' salaries and obtain new didactic materials for the

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71 USAID 1998 Congressional Presentation

72 Interview with Mario Arróspide, ProJoven, January 27, 1998.

73 Interview with Dr. Luis Abugattas

country's schools. There is a crucial need in these areas as many teachers are inadequately prepared to teach and earn only the low minimum wage of about $41.00 a month.[74] In addition, only roughly 10% of students study with their own textbooks.[75]

School enrollment rates are generally considered to be below the rates of neighboring countries such as Argentina, Brazil, Chile, and Ecuador. A principal explanation is economic necessity. Many young people do not have a choice, as they must work to survive. The national rate of chronic malnutrition among school children is 48% and, in some highland departments, is 72%[76]. Young people work to help support their families even if they have not completed school. Apart from immediate economic need, in many cases the perceived return to education does not justify continuing one's studies. If one is surrounded by people in the informal sector it is hard to see the relevance of the Peruvian formal education system. As a result, many young people perceive that it teaches skills that are not useful to the world of work and in any event destines many graduates to gross underemployment.[77]

The Ministry of Education's *bachillerato* program aims to change both this perception and this reality. It is a free, optional two year post-secondary program designed to prepare all students for the world of work while at the same time preparing them for either university studies (five more years) or study at a superior technical institute (two more years). A student may choose not to continue his or her formal education following the bachillerato, in which case he or she will have an accredited two-year degree in a specific field. He or she will also have developed the following:

1) abilities that are crucial to effective job performance such as the ability to analyze, organize, synthesize, and draw conclusions from information;

2) instruction in practical subjects that are important to job performance such as economics and administration, science and technology, oral and written communication, information systems and a foreign language;

3) a greater understanding of the world context in which he or she will be working, as well as the ability to critically assess that context, through instruction in geography, ecology, the philosophy of the environment as well as the history and current events of Peru.

The country has high hopes for the bachillerato program. It is designed to keep students in school and equip them with the proper tools to quickly be productive in any job they choose or, as is more likely, to conduct a micro-enterprise with more savvy and efficiency.[78]

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74 Interview with Dr. Laura Costa, Ministry of Education

75 Workforce Development 2000 workshop

76 USAID 1998 Congressional Presentation

77 Interview with Mario Arróspide, ProJoven, June 27, 1998.

78 Bachillerato materials produced by the Ministry of Education; Interview with Laura Costa, Ministry of Education.

## *D. Training*

### 1. Problems with the Current Training System

The biggest problem with the Peruvian job training system is that there is no system. There is instead a smattering of institutes offering a wide range of courses that greatly differ in quality and relevance to the job market. Most of them are small private-sector entities with poor infrastructure and poorly trained teachers.[79] There is virtually no communication with employers regarding the competencies they require. Principal problems with these training institutes can be classified as follows: (1) a lack of communication between the demand side of the market (employers) and the supply side of the market (training institutes) regarding training needs, (2) a lack of accountability, (3) a scarcity of information in the market regarding quality and availability of programs, (4) unqualified trainers, and (5) obsolete techniques and equipment, or the simple absence of needed equipment. These problems are discussed below.

**(a) A lack of communication between the demand and supply sides of the market:** There is virtually no communication between employers and training institutes regarding the types of workers that employers are projected to need, changes in the technology used by the employers, or the types of worker competencies that employers would like the institutes to develop. An institute may be training workers for data-entry when the real need in the market is for word processing, or an institute may be training a secretary in how to type and take dictation when what businesses need is someone who also has skills as a office manager. One can think of many examples of such a disconnect between what's being trained and what's needed.

Perhaps more importantly, there has been no systematic study of projected workforce training needs in Peru. Such a study would be extremely valuable not only to guide the training institutes' curriculum development but also to encourage the future development of new institutes that are needed, enhance the universities' offerings, and give workers advice for their career development. As things currently stand, worker training is proceeding in a vacuum and often not helping trainees or the businesses that could employ them.[80]

**(b) A lack of accountability:** There is no institution charged with overseeing the training institutes and ensuring that they teach what they promise to teach, that the instruction they offer is of sufficient quality, and that their facilities are adequate. There are very few requirements for licensing and whatever requirements that do exist are usually superficial and in any event not enforced.[81] For example, a requirement might be that the institute cannot have more than twenty-five students per certain number of square meters. It can turn out that they have over 200 students and nobody keeps track of, much less remedies, the fact that the institute is in violation.

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79 Interview with Dr. Abugattas

80 Meeting of the Foro Peru de Capacitación Laboral (FOPECAL), January 26, 1998.

81 Interview with Dr. Abugattas

**(c) A scarcity of information in the market regarding quality and availability of programs:** A worker looking for a training program often is able to rely on nothing more than fortuity, that he or she is lucky enough to stumble upon an institute that offers quality instruction that will be useful to him or her in the job market.[82] There is no equivalent to "US News & World Report" in which institutes are systematically organized by substantive specialty and region and ranked within those categories. What is needed is a publication in which all licensed institutes are permitted to advertise or in which they are critiqued. This publication must be made accessible to workers throughout the country or it is of little use.[83] For this reason there is a role for the government in coordinating the publication, or at least, the dissemination of such a publication.

It is also very important that licensing requirements be strengthened to regulate the quality of the instruction offered and ensure that it is up to date. There should also be mechanisms such as random and periodic inspections and audits to make sure that the institutes maintain the quality and relevance of their instruction. There should be a governmental or quasi-governmental body charged with ensuring the institutes' accountability in this manner.

**(d) unqualified trainers:** Similar to the problems with unqualified public school teachers, mentioned above, there is a problem of trainers who are not qualified to train. Simply because a person has experience or a certain level of substantive knowledge does not make him or her qualified to teach. Even if the person is a gifted teacher, his or her knowledge may now be antiquated.

There is a need for a large investment in “train the trainer” programs. There are many such programs around the world against which to benchmark. In addition, the licensing requirements for trainers should be strengthened and enforced in order to ensure their continuing quality. Finally, institutes must recognize the trainers who yield the best results through awards and merit pay.

**(e) obsolete techniques and equipment, or the simple absence of needed equipment:** Throughout Peru one finds many institutes that are training with outdated equipment that is no longer used by prospective employers. For example, an automotive training school may train its students using a car from the early 1980's that does not have a computerized transmission. Nowadays, all new cars have computerized transmissions so what the students learn is now obsolete. In other cases the problem is simply a lack of needed equipment. For example, a computer-training institute may have four to six students learning on one computer. The problem of inadequate infrastructure and equipment is particularly difficult because it cannot be overcome simply through increased coordination. Rather it would require a substantial capital investment that would be extremely difficult to find given the scarce economic resources in the country.

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82 FOPECAL meeting

83 Ibid

### 2. Other innovative training models worth mentioning

In addition to these small private training institutes, there are other training programs that are deserving of mention. The programs can be broken down into two groups. The first group consists of *SENATI* and *TECSUP*,[84] two public-private partnerships that train many thousands of workers a year. They have yielded somewhat better results than the smaller private institutes mentioned above mainly because they are better funded. SENATI has been funded for the last 39 years in large part through employer-training taxes. TECSUP, for its part, is funded partly by the German Technical Training Institute.

The financial stability of these programs helps to ensure that their training is conducted by qualified trainers using equipment that is not obsolete, although this is somewhat less true in the case of SENATI. The fact that these organizations are accountable to external funders also helps to ensure their quality. Finally, the prestige and sheer size of these organizations allows them to serve as a nexus between employers and training institutes to an extent that smaller institutes cannot hope to achieve.

The second training program model worth mentioning are those institutes that are run by trade associations. The best known are ADEX (*Associacion de Exportadores* - Exporters Association), CENFOTUR (*Centro de Formacion de Turismo* - Tourism Training Center), *Camara Peruana de la Construccion* (construction industry), and the *Centro de Formacion Bancaria* (banking sector). They have been particularly effective in providing quality training, mainly due to the high level of input from the member companies and the inside placement track that graduates of these institutes get. These institutes ensure the communication with employers that is absent in the case of the smaller, private companies discussed above. In the case of ADEX, the institute even receives feedback from the member-employers regarding the performance of particular graduates.[85]

Obviously, not all institutes can have the financial stability of an international donor or government tax to support it, or have the high level of communication with employers that is provided by an affiliation with a trade association. Therefore, there needs to be a larger entity providing the institutional coordination to make the training market more efficient and to otherwise marshal society's resources toward workforce development. This is the subject of the next section.

## *E. Institutional Coordination*

At the present time there is no mechanism for coordination among governmental ministries or among business and government on workforce development issues. This reflects the fact that the Fujimori administration has not articulated a strategic workforce development vision for the

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84 SENATI stands for *Servicio Nacional de Adiestramiento en Trabajo Industrial*, or the National Service in Training for Industrial Work. TECSUP stands for *La Asociación Promotora de Institutos Tecnológicos Superiores*, or the Association for the Promotion of Technological Institutes of Higher Learning.

85 Interview with Jorge Camo, ADEX, January 25-26, 1998.

country in which all relevant stakeholders have a role. Instead, Peru has proceeded with a series of individual initiatives that have been the province of particular ministries, such as the Ministry of Education's bachillerato program and then Ministry of Labor's ProJoven. These individual initiatives do not attempt to tap into the comparative advantage offered by a variety of stakeholders. Thus, as designed, there is not much perceived need for institutional coordination.

A more practical reason for the lack of institutional coordination is the same one that is at the root of many other problems with workforce development in Peru: lack of resources. It is a time of fiscal austerity in Peru (as it has been throughout much of the 1990's), and the Fujimori administration is loathe to create another governmental apparatus. Fiscal austerity has also meant shrinking staffs throughout the government. Facilitating coordination takes staff time and other precious administrative resources that unfortunately are in short supply at the present time. For these reasons, institutional coordination has been rendered extremely difficult.

Despite these constraints, several persons interviewed for this report, several speakers at the Workshop Workforce Development 2000, as well as the resolution adopted by the participants at Workforce Development 2000 have called for the creation of a multi-stakeholder national forum to develop a long term workforce development action plan. The idea is to create a space where the supply and demand sides of the labor market could meet to identify opportunities and needs and coordinate the various stakeholders -- e.g., governmental ministries, training institutes, universities, employers, employees, microentrepreneurs, and international donors -- in developing short, medium and long range action plans for workforce development.

## III. Recommendations for Investment Opportunities in Workforce Development in Peru

### Recommendation No. 1: Help Trade Associations to Form Institutes Based on the ADEX/CENFOTUR Model

Simply put, these institutes have had the most success in training their students for the world of productive work. They are in a unique position to take advantage of the input from the businesses who will eventually employ the graduates of their program. This is an advantage not only in curriculum design but in future program planning as well. They have access to persons who are current practitioners in the specific field they are teaching. In addition, the job connections that these institutes provide allow the graduates to realize a quick return on their investment in time and money.[86]

[86] Ibid

Money invested in these centers would be most wisely spent on scholarships for needy students. As these institutes are self-sustaining through course fees (with the help of their respective trade associations), they are often out of the price range of many students. In addition, money would also be wisely invested, depending on the institution, in teacher training, teacher salaries, and materials and equipment.[87]

**Recommendation No. 2: Lend money for the start-up of an eventually self-sustaining private or semi-private training institute, focusing on high quality, demand-driven courses**

There is a need for the establishment of a high quality training institute that utilizes the latest equipment and teaches skills that are currently in demand by employers. Since start-up and operating costs are often prohibitive, there is a need for an institution that can pool the resources of participating employers as well as the government in order to establish such an institute.

The model for such an institute might be the *Penang Skills Development Center* in Malaysia (PSDC).[88] The government donated the building for PSDC, national businesses donated start-up funds and equipment, and student fees provide the bulk of the operating funds. Through this arrangement businesses win because they get to share training costs and have input into the curriculum design. Students win because they get affordable training (with costs often borne by the employer) that is tailored exactly to what the market, and in many cases their own employer, is demanding. The government wins because the Center lowers unemployment and spurs productivity and economic growth.

**Recommendation No. 3: Invest in a private training institute, focusing on high quality, demand-driven courses**

This has the same general idea as Recommendation No. 2 – a well financed, properly equipped, and well run facility providing high quality instruction. The difference is that it does not involve a public-private partnership or the granting of any equity interest to employers. Employers are simply the customers. Given the unreliability of many existing institutes, a general lack of information in the training market, and the tremendous need for a quality training institute, there is the opportunity "to make a big killing" said one member of FOPECAL.

**Recommendation No. 4 - Encourage the development of financial incentives for employers to invest in worker training**

As alluded to above, the Peruvian government needs to adopt a strategic vision to guide its workforce development strategy. Once again, a good example of a best practice comes from Malaysia. In the late 1980s, Malaysian Prime Minister Mahathir Mohamad declared that by

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87 Ibid

88 See Compass to Workforce Development Toolkit: Case Study on PSDC. Education Development Center, Inc. 1996.

2020 Malaysia was going to have a standard of living equal to that of Switzerland. The vision recognized the urgency of investing in Malaysia's people.

To that end, Malaysia invited foreign multinational corporations to invest in the country in exchange for cheap labor and various tax incentives. To encourage investment in worker training, the Malaysian government offered the following incentives:

(a) a double tax deduction for training expenses;

(b) a 100% exemption from taxes for training institutes;

(c) a 100% exemption from taxes for all training equipment (currently only the customs duty is exempt, and that exemption is available only through a "supreme decree" from the government.)

The Peruvian government's investment in its workforce should not be only restricted to tax-based incentives. There is also a need to invest in the creation of institutions designed to promote cooperation and accountability in the area of worker education and training. These types of investment are the subject of the next recommendation.

**Recommendation No. 5: Encourage the continued development of FOPECAL and other institutions designed to promote cooperation and accountability in workforce development, including a national forum in which multiple-stakeholders develop a holistic long range workforce development plan**

Workforce Development is itself a holistic idea. Holistic, in this context, means that Peru's workforce cannot be developed without taking into account workers and employers but also many other stakeholders such as, to name but a few examples, the primary and secondary education systems from which all workers come, the universities which generate the technical know-how, the training institutes which impart skills, the Economy and Finance Ministry, which influences the interest rate that finances micro, small and large enterprises, the ministry which negotiates trade agreements that affect competition and economic opportunity for Peruvian Business, and the Interior Ministry, which makes decisions regarding the environment that affect production inputs and availability of natural resources.

Interviews conducted for this report reflected a clear consensus for the establishment of a permanent national body that is charged with developing a holistic long range workforce development plan. Such a governmental body would focus workforce development initiatives on the sectors expected to grow most in the coming years while ameliorating the effect on workers who are displaced by change. This national body would hold regular periodic meetings with other stakeholders, including the ones mentioned in the previous paragraph. It would set short, medium and long range goals and develop action plans to realize those goals.

Although it is a time of tight budgets and shrinking government, by creating such a body the government can raise living standards for all Peruvians and more than recoup its investment

through the increased productivity and prosperity that such multi-stakeholder cooperation would generate.

**Recommendation No. 6: Invest in basic education**

In the long term the Peruvian labor force will not be able to acquire the skills needed for a better life without a marked increase in the quality of primary and secondary education. As has been alluded to above, Peruvian basic education is plagued with problems such as woefully inadequate teacher preparation, woefully inadequate teacher pay, woefully inadequate infrastructure and equipment, and an extreme paucity of didactic materials for students.

The challenge in this area is compounded by the fact that it would be almost futile to attempt to remedy just one of these problems in isolation. That is, even if one invests in schoolbooks and computers one is still left with the problems of a ratio of several scores of students to one teacher, cramped classrooms, and inadequately prepared, poorly paid and thus in many cases insufficiently committed teachers. Of course, these teachers are the product of the same inadequate school system in which they now serve as teachers, perpetuating a vicious cycle. In rural areas there is the additional problem of lack of adequate transportation, which renders impractical the creation of true primary and secondary schools. Many schools are therefore *unidocente*, having one teacher who teaches twelve grades at the same time.

While the focus of this study is on workforce development and not on basic education *per se*, the importance of basic education lurks in the background of any discussion of workforce development and should not be given short shrift. To do so will make the challenge of preparing workers for the labor force nearly impossible to overcome.

**Recommendation No. 7: Guarantee loans or provide competitive credit to microentrepreneurs**

Given that it may take years to nurture an economy to the point where it creates many decently paying formal sector jobs, in the short term a large part of workforce development will have to involve the creation of small scale enterprises that satisfy local market needs. As has been discussed above, the Peruvian people are creating many such enterprises without assistance. However, many of them are poorly run and would benefit greatly from even a small scale infusion of capital. For example, a peddler who sells warm soda on the street might increase sales if she had money for a refrigerator or freezer to allow her to sell cold soda and even expand into ice cream and other perishable goods. A person who sells pencils and pens on the street, might be able to set up a makeshift stand, purchase a variety of stationary supplies from a distributor, and even advertise to local residents and businesses.

The Peruvian government has already attempted to provide uncollateralized credit to microentrepreneurs, but has had limited success because the loans are at above-market rates that are beyond what most microentrepreneurs can afford. The government, or some other entity, needs to establish an institution that can offer microentrepreneurs competitive market-rate loans. Alternatively, some entity should guarantee loans for microentrepreneurs. The

program might be developed along the lines of the Grameen Bank model of Bangladesh. To increase the likelihood of repayment, the guarantor should offer business skills training that imparts valuable, portable skills that will stay with the microentrepreneur beyond the lending relationship.

## IV. **Conclusion**

Peru seems to have recognized the importance of developing the country's labor force as a necessary condition to economic growth and an increased standard of living. However, the financial constraints have necessitated difficult trade-offs. Investments in education and training have all too often come out on the low end of priorities. For Peru to move forward with workforce development, education and training have to become more of a priority and a national, strategic vision should be articulated by the government. In an era of diminishing faith in the efficacy of government, the role of vision and leadership is one area that is still viewed as an essential responsibility of government.

However, not all of the change is the responsibility of government. On a micro-level, employers have to change their attitudes regarding the types of work for which training is needed. They must see that a workforce that is properly trained in all respects positively impacts their bottom line. They must change a common mentality that only higher-end jobs require training.[89] Customers will come back if the cleaning crew not only does its job well and with professionalism but also is trained in how to interact with the public. Customers will order more deliveries, and insurance and maintenance costs will be lower, if delivery people are trained to navigate all of the streets on their routes, to drive or bike safely, and interact with customers in a courteous and professional manner. In short, training at *all* levels, and not just for "higher" skill employees, is a wise investment not only in employers' own businesses but for the future of Peru as well.

[89] Interview with Mario Arróspide, ProJoven, June 27, 1998.

# NAMIBIA

## *WORKFORCE DEVELOPMENT IN NAMIBIA: CURRENT CONDITIONS AND OPPORTUNITIES*

**by Elizabeth Yates**

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# Executive Summary

***Workforce development in Namibia: Current conditions and opportunities***

With a population of an estimated 1.6 million people, a reasonable government revenue, a stable political democracy, and basic human rights enshrined in a constitution, Namibia at first glance has many of the essential ingredients for a productive, growing economy benefiting all its citizens. Other factors however, including the apartheid heritage, have produced one of the most skewed distributions of wealth in Africa, and a critical shortage of skilled workforce. Workforce development will be a key element in poverty reduction in the decade ahead, and poverty reduction will be a deciding factor in Namibia's ability to develop and to offer greater possibilities to the economically side-lined.

**Section One** of this study reviews the Background and Enabling Environment of the national WFD system. The colonial era provided the country with a well developed physical infrastructure in terms of communication and transport, but left a large deficit in the development of human resource capabilities, especially in the education, technical skills and health of the people of Namibia.

Unemployment: Unemployment in Namibia is between 19 - 20 percent of a labour force of 435,000. Combined unemployment and underemployment figures are as high as 60 percent, with all regions showing not less than 50 percent. Areas which are considered as having possible growth potential include: tourism, agriculture and agribusiness, the fishing industry, manufacturing and the small business sector, and the informal sector.

Education: The education system is supported by the government's allocation of 28% of its budget to this area. The system suffers from regional disparities in provision and quality, evident through physical facilities, teacher qualifications, and teacher-learner ratios in rural areas, especially the far North, compared to urban ones. Major institutions described in the report include NAMCOL, the Namibian College of Open Learning, with a 1996 enrollment of 10,828 students; and the Ministry of Basic Education and Culture's Directorate of Adult Basic Education, which offers a nation wide literacy programme with an enrollment of 40,000 in 1996.

Training: In all sectors of socio-economic life critical skills shortages exist. Volunteer teachers are used in the schools, ex-patriots are used in management and technical positions, external consultants are relied on for evaluations and feasibility studies. Although one expects shortages for some time to come, steps need to be taken not only to increase the training capacity in the country, but also to enhance the effectiveness of existing training options. Vocational Training Colleges, Teacher Training programs, the PolyTechnic of Namibia, and the University of Namibia all offer programs to improve the caliber of training in Namibia. A focus on needs in the rural areas, of opportunities for youth, especially young women, and of appropriate training for small and informal business development by all stakeholders could contribute to Namibia's workforce and overall development.

**Sections Two** of the report examines current interventions in workforce development. The government of Namibia has made human resource development a priority in its first National Development Plan (NDP1). Skills shortages exist in most fields, but particular deficits will become more and more critical in the science, health, technical and trade, and engineering sectors.

The USAID-sponsored conference, Capacity 2000, on community based skills training held in Namibia held in September 1997 under the auspices of the Ministry of Higher Education, Vocation Training, Science and Technology, provided an opportunity for a large cross section of those involved in the workforce development to represent their activities, views and pressing needs. A number of recurring themes emerged in this conference, and in interviews conducted for this report:

- the priority of good basic, general education and how to assure access for all
- the lack of role models for entrepreneurial and manufacturing initiatives
- the lack of technical personnel to train at all levels - secondary school, basic skills, youth development, vocational colleges etc.
- the need for a data base on training opportunities, credit options, SME support
- the need for more coordination to avoid duplication of services and wasting of scarce resources
- statistic and anecdotal information that skills training is a key to employment
- the expanding problem of youth unemployment and the subsequent questions of service delivery to an adequate number
- the need for improved follow-up and back up services for small business development and skills training generally

Many of these issues are being addressed in current initiatives aimed at employment creation, poverty reduction, skills training, and capacity building within organizations. Initiatives include those of the Ministry of Basic Education and Culture, the National Institute of Educational Development, the Community Skills Development Centres (COSDECs), the Namibian College of Open learning, the National Literacy Programme, the Adult Basic Education Programme, and Open Learning Centres, among others

**Section Three** makes recommendations for future investments. Technical training initiatives at all levels, from secondary school through apprentices technical teachers, lecturers and trainers is imperative. More financial commitment to vocational skills training, a flexible, responsive, demand driven curriculum, and a more coordinated approach could begin to generate a skilled workforce essential for the development of the Namibian economy. Additional suggested investments are to:

Link training providers: Linking, possibly through the Ministry of Higher Education, all training opportunities would improve the quality of training offered by different organizations and different ministries and give clearer guidance to young people of what is required in the market place and what training is available to prepare for those jobs. Many

of the bodies necessary to ensure articulation and coordination are in place, but need to be more fully utilized

Focus on demonstrated competencies: An appreciation of competency based skills, delivered through industry, by NGOs, by government centres, or private initiatives is an essential component of an integrated approach. Namibia continues to show an unhealthy emphasis on formal certification and training programmes, with too little attention given to actual competencies. Some useful steps would include:

- commitment from government and industry to recognize competency based training
- a study of existing programmes using competency training - their methods and successes and dissemination of this information through a national forum.
- support to existing projects in order for them to increase the scale of their outreach in competency based training
- support for new pilot projects in competency training

Involve the private sector: Links with existing employment operations need to be strengthened. Practical experience and on the job training is limited mainly to formal apprentices and large employers in Namibia. Incentive schemes that encourage private sector training and involvement in work experience would be very cost effective. Innovative projects aimed at placing youth in work situations, be it with a self-employed business, side by side a formal apprentice, or in a large company during the holidays, would offer the necessary introduction to work experience and motivate the participant.

Establish a resource center and foundation: A resource center and data base on skills training and support - available to individuals, small businesses, new entrepreneurs, NGOs and community projects - is needed. A foundation to support the community skills development centres (COSDECs) could make this important contribution.

New interventions are best based on what already exists and using what has already been learned. All too often new initiatives are not themselves demand driven or well integrated into existing programmes. Building on the strengths of local communities, on existing studies of growth areas, on some traditional products and on successful pilot projects will ensure the best results for future workforce development initiatives. An integrated and coordinated training effort from the government, the private sector and the NGOs can begin to relieve the critical skills shortage. Information collection and dissemination on the availability of technical and business skills training, of support to small business and on markets would contribute to the best use of these resources.

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# INTRODUCTION

With a population of an estimated 1.6 million people, a reasonable government revenue, a stable political democracy, and basic human rights enshrined in a constitution, Namibia at first glance has many of the essential ingredients for a productive, growing economy benefiting all its citizens. Other factors however, including the apartheid heritage, have produced one of the most skewed distributions of wealth in Africa, and a critical shortage of skilled workforce. Workforce development will be a key element in poverty reduction in the decade ahead, and poverty reduction will be a deciding factor in Namibia's ability to develop and to offer greater possibilities to the economically side-lined.

## SECTION ONE: BACKGROUND

### An Enabling Environment

Namibia became independent from South Africa in 1990, after nearly 24 years of armed struggle and diplomatic negotiations. The South West Africa's People's Organization (SWAPO) lead the struggle for independence and made the transition from a liberation movement to a government in power . A policy of reconciliation assisted in a smooth transition, but has received criticism from some quarters for not delivering enough to its supporters especially in terms of jobs, land, and other opportunities. The right to acquire, own and dispose of property is enshrined in the Constitution of the Republic of Namibia as are basic human rights. The colonial era provided the country with a well developed physical infrastructure in terms of communication and transport, but left a large deficit in the development of human resource capabilities, especially in the education, technical skills and health of the people of Namibia.

Namibia is often described as two societies in one country. A modern formal sector, based in urban areas and using high technology, co-exists with a large rural population relying on subsistence agriculture. Both environments need to be addressed in the issue of workforce development. Such a dualistic country requires an innovative mix of strategies to achieve appropriate and effective workforce development.

The unequal distribution of wealth in Namibia is highlighted by the fact that although Namibia had a gross national income per capita of nearly US$2000.000 in 1994 - placing Namibia in the mid income country bracket - forty-seven percent of the population is considered poor . Indeed, 5.3 percent of the population have 50 percent of the total income; the other 94.7 percent share 48% (Central Statistics Office).
Inequalities exist between urban and rural, between language groups, and between men and women. Nearly 70 percent of Namibians population live in the northern region, while the wealth is concentrated in the southern and central area. (World Bank).

Namibia's social security system (universal non-contributory pension system) and the government's financial commitment to the education and health sector will continue to

contribute positively to social development in Namibia. But, in order for social and political stability to continue these inequalities must be addressed, largely through employment and training opportunities and other poverty alleviation schemes.

One issue effecting socio-economic development in Namibia is the comparatively high cost of labour compared to capital in Namibia. Wages are considered high in Namibia with a semi-skilled worker earning four times as much as a counterpart in Zimbabwe. Table 1 shows some comparisons in the region.

**Table 1 Wages in Southern African Countries**

| Country | Semi-skilled | Skilled | Managers |
|---|---|---|---|
| Botswana | 100 | 600 | 1000 |
| Lesotho | 97 | - | - |
| Kenya | 40 | 90 | 160 |
| Malawi | 33 | - | - |
| South Africa | 350 | - | - |
| Zimbabwe | 65 | 500 | 1000 |
| Namibia | 277 | 1111 | 1944 |

Source: *The State of the Informal Sector in Namibia*, 1996 taken from the Trade and Policy Reform Study, 1994.

Namibia has a Labour Act which sets terms and conditions of employment, health and safety regulations, but not a minimum wage. Certain aspects of this Act may be revised partly due to unlawful labour strikes and obstructions in the past. ( van Rooyen, 1997). A draft bill on Affirmative Action is being discussed and an ILO consultant hired to assist in preparing for implementation. A number of issues in the Bill still need to be worked out. The Bill at present would require all companies to present an affirmative action plan to be approved by government. Trade Unions play a strong role in the cost of labour in the formal sector both public and private (Hansohm, May, 1996). The Export Processing Zones (EPZ) offer an opportunity for job creation, but again will require skilled people in order to reach not only the individual goals of the companies, but the development goals of the country in establishing EPZs. The unions were critical of various aspects of the EPZ legislation, but the EPZs have gone ahead and are now established in different parts of the country, including the harbour town of Walvis Bay and sites in the north.

A possible additional reason for the high cost of labour is the large public service. Government expenditure account for 40 percent of GDP. Over fifty-five percent of government spending went in paying civil servants in 1995. Although Namibia is not yet weighted under by debt and is not undergoing enforced restructuring, budget deficits did begin to rise alarmingly in 1997. The Wage and Salary Commission appointed by the government recommended some substantial salary increases with a concurrent staff reduction to cut the civil service which has risen from 46 000 in 1990 to 77 000 in 1998

( **Namibian**, Tuesday, January 27, 1998). As yet, there have been few signs of the necessary decrease required to make the civil service sustainable and to control the budget deficit.

Productivity in all sectors of the economy has received attention and was a major topic at the annual SADC Consultative Conference held in Windhoek in 1997. Productivity has obvious links to skills training, and could benefit from additional research resulting in clearer guidelines. A vehicle assembly plant established in 1994 in the poor Omaheke region in the east, now employs only 15 people, down from the original 25 trainees and a far cry from the proposed potential of 240 semi-skilled workers. Various reasons abound, but the lack of appropriate skills and attitudes of available labour was expressed by the company as factor (Brits, 1996).

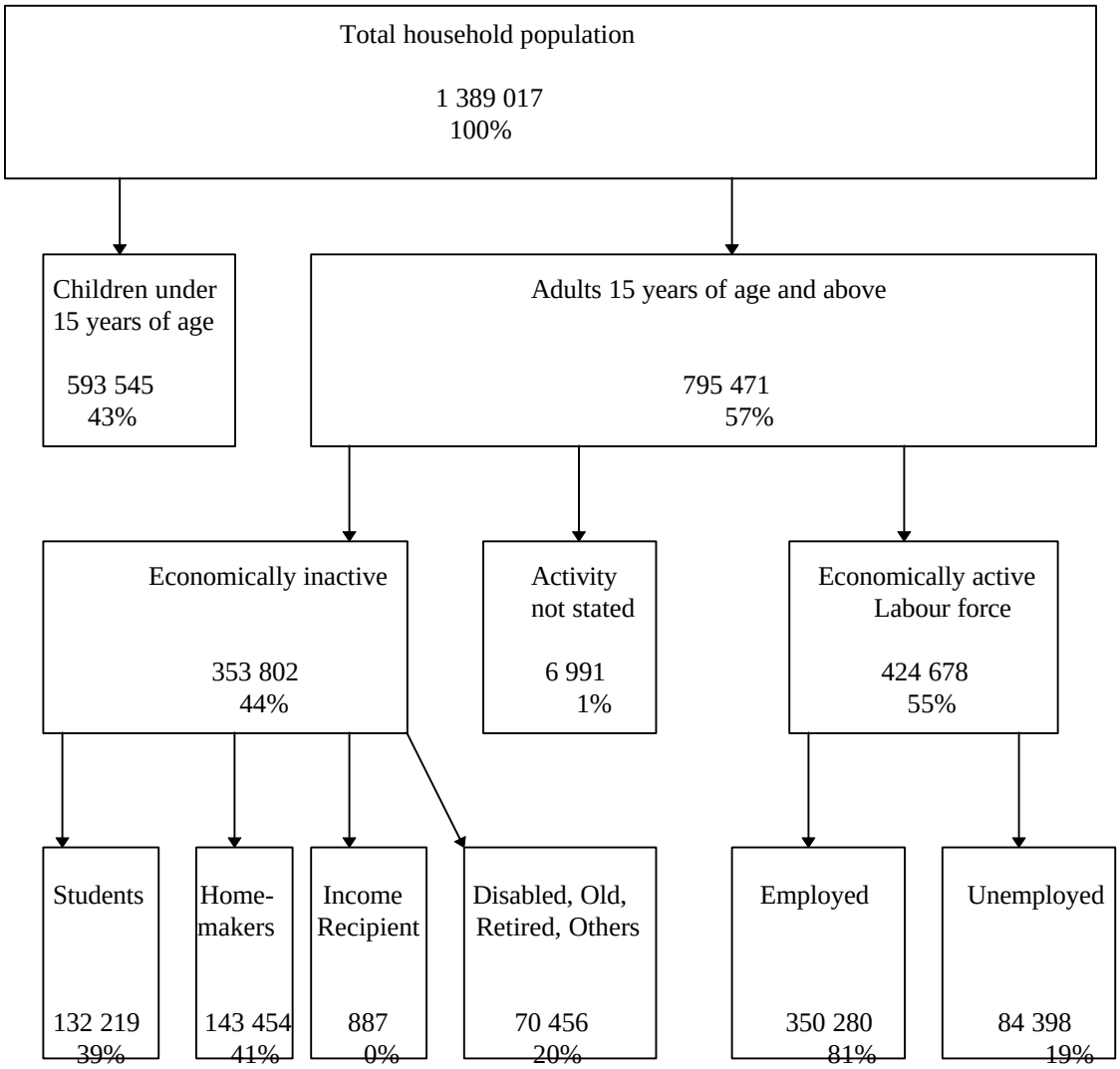
The economy has grown at about 5% since independence, with drought years bringing down the average. Commercial agriculture, fishing and mining contribute about 30% to Gross Domestic Product. In terms of employment however, mining is more capital than labour intensive and is expected to decline in the coming years - due to international commodity pricing, expensive extraction methods, and some dwindling supplies. Jobs created in the formal sector amount to less than 8,000 annually, with new entrants in the labour market averaging over 20,000 every year. With the population rising at over 3% a year, and by 5,4 in urban areas such as Windhoek, these figures speak loudly of the need to look for labour intensive growth, coupled with massive skills training initiatives.

> "Namibia's infrastructure and formal sector in the past served a small percentage of the population. It must be redirected to serve a broad -based labour demanding growth path." (World Bank, 1997, p. 8)

**The Employment Scenario**

The Ministry of Labour and Human Resource Development recently carried out a Labour Force Survey. Unfortunately the results of this survey will only be available in May of 1998. The figures presently available are from 1994. Unemployment in Namibia is given as between 19 - 20 percent of a labour force of 435, 000. Combined unemployment and underemployment figures however are as high as 60 percent, with all regions showing not less than 50% . (Central Statistics Office, 1994).

**Table 2: The Population by Activity Status**




Source: *Living Conditions in Namibia*, Central Statistics Office, 1994, Windhoek.

Unemployment is highest in the age group 20 - 24 years, and is higher among females than males. This is quite alarming when coupled with the age of the Namibian population - 43 percent are below 15 years old and 72% are below 30 years of age. The underemployment is higher in rural areas, where many work as subsistence farmers. Cash wages were the main source of income for 44% of the households and subsistence farming, for 35%. The level of economic activity is lowest in the Ohangwena region in the far North, and highest in Khomas, where the capital city Windhoek is located (Central Statistics Office, 1994).

Coupled with the high unemployment rate, Namibia suffers from a dearth of skilled labour. People need to be trained to fill existing shortages and options explored for increasing job opportunities generally. Training without a parallel increase in demand or training in

inappropriate fields must be avoided. Tables 3 summarizes existing vacancies in different sectors.

**Table 3: Less qualified, vacancies and additional requirements as % of employed by occupation.**

| Occupation | employed with less than required qualification | vacancies | additional required for expansion | total skill deficit |
|---|---|---|---|---|
| senior officials/managers | 6.1 | 6.4 | 4.3 | 10.7 |
| professionals | 7.0 | 15.1 | 9.3 | 24.4 |
| associate professionals and technicians | 6.8 | 12.2 | 6.2 | 18.4 |
| clerical | 4.6 | 4.2 | 3.0 | 7.2 |
| sales/service workers | 11.8 | 3.6 | 6.9 | 10.5 |
| skilled agricultural workers | 3.5 | 1.7 | 17.2 | 18.9 |
| craft and related workers | 4.7 | 3.7 | 4.6 | 8.3 |
| plant and machine operators | 3.5 | 4.6 | 2.2 | 6.8 |
| elementary occupations | 6.2 | 5.6 | 3.2 | 8.8 |

Source: *The State of the Informal Sector in Namibia*, Hansohm, 1996 taken from Ministry of Labour and Human Resource Development, 1994 information.

Areas which are considered as having possible growth potential are summarized below.

1. Possibilities for employment creation seems limited in the **mining sector**. The sector is capital intensive to begin with, and has shown an overall drop in its contribution to GDP since Independence. There are initiatives within the Ministry of Mines and Energy to explore other possible exploitation of existing mineral and natural resource deposits. If this can lead to secondary industry as well, some employment would follow. An example of this are clay deposits in the south which could source a ceramic factory. This is presently under discussion with the Namibian Development Corporation and the Ministry of Trade and Industry. A more labour intensive and lower capital venture, especially in the scarcely populated and somewhat neglected region in the south, would be a substantial

boost to local employment and opportunities. The skills considered necessary to further this initiative include potters, designers, and basic business skills.

2. **Tourism** is considered to have good potential for mid term grow and employment generation. Tourism is set to grow by as much as 10% a year, with a target of a million tourists by 2010, and could create as many as 40 000 new jobs. These figures are dependent on the world economy, continued political and social stability, and wise national park and environmental management. Jobs in this sector include such areas as: receptionists/ cooks/ waiters/waitresses/caterers/ hotel managers/tour guides/tour agents/ as well as associated jobs in sales, marketing, craft production, etc. For this sector to realize its potential for income and job creation, personnel will need training in the skills, attitudes and knowledge necessary with special reference to customer service which can give the country a competitive edge.

Community based tourism is another sub-sector which is gaining ground in Namibia. An association exists which seeks to enhance the policy environment for community tourism in rural areas and to look at the skills needed by rural communities to manage such operations. Community tourism can bring ecologically sustainable employment to rural areas where it is most needed.

3. **Agriculture and agribusiness** is proposed as another avenue for increased employment prospects, especially important considering the underemployment in Namibia's rural areas. Namibia's semi-arid climate and cyclical droughts make certain types of commercial agricultural development risky. Commercial agriculture has not in the past been a large employer. There are however some experimental initiatives, for example in cotton production in the Kavango region, which may offer some additional job creation and possibilities of further processing. Forestry is another area which will require more labour if commercial tree planting is pursued in the North. The benefits to the environment and to income generation could be sizable (World Bank, 1997).

Jobs in agriculture may also expand in response to the need for greater agricultural extension work. In order to enhance productivity of poor rural farmer, steps are planned to strengthen extension work with new technologies and information services. These will require trained staff. More efficient technologies would also free up more people, primarily women, for additional employment in rural areas.

4. **The fishing industry** has created a number of jobs in the past seven years, following responsible application of fish quotas. Planning can be difficult in this industry with the government's desire to generate employment balanced against the need to restore fish stock to sustainable levels following years of pre-independence over exploitation. Fish processing now makes up 3,3 percent of the secondary sectors in Namibia. Other secondary industries which can add value to this Namibian resource need to be identified and developed. There have also been advertising campaigns which seem to have successfully boosted the consumption of fish in Namibia. Government has initiated efforts to train Namibians in different technical aspects of the fishing industry.

5. **Manufacturing and the small Business sector** continue to be small contributors to jobs and GDP. Export manufacturing employed a mid decade total of only 12,000 people. A survey in 1993 by the Ministry of Trade and Industry found that small enterprises account for only 6% of employment in Namibia and account for less than 2% of manufacturing turnover. There is a heavy reliance on imports from South Africa and retailing. Within the Southern African Customs Union, South African goods can enter Namibia preferentially. However, where transport costs are high, local goods could replace those imports. On the positive side, transportation from Namibia to South Africa is very reasonable as empty trucks returning to South Africa are looking for cargo and offering reasonable rates. A Namibian manufacturer supplying crushed marble for plastics and paper is making good use of this opportunity.

It is estimated by the World Bank that 30 000 jobs could be developed over the next ten years based on Namibia as a transport channel for southern Africa. Efforts must be taken simultaneously to encourage the demand and train the necessary personnel.

6. T**he Informal Sector** is underdeveloped in Namibia. Statistics related to the informal sector may be misleading as up to 86% is concentrated in agriculture through subsistence farming. (Hansohm, 1996 ). In other areas the informal sector remains small and underdeveloped despite a significant amount of literature and interest in promoting the sector. Again, this is due in part to the heritage of the regulated and controlled economic environment of pre-independent Namibia.. Now the right to occupation, trade and business is stipulated in the constitution. The Trade and Occupation Licenses Repeal Act of 1995 was a result of government policy to support small scale enterprises by deregulating as much as possible (Bruns, 1997).

With the proposed freeze of civil service expansion, the possible decline in mining activity, and the small existing manufacturing and industrial sector, the informal sector will inevitably be the place where many turn for employment opportunities. If this is so, then the stigma toward the informal sector as a second best option may need to be reconsidered, and policies should look at the strengths of the entrepreneur and improved markets (Hansohm, 1996). In terms of market, government and large companies make up only a very small percentage of the customers of the informal sector. Out-sourcing to this sector as yet to expand in a meaningful way that would generate demand and employment. In a study done in the Omaheke region in the east, an increased demand for goods and services seems the crucial element in the growth of this sector ( Britz, 1996). Linkages between the formal and the informal sectors need to be strengthened. The Vendor Development Programme of the Ministry of Trade and Industry is designed to support such linkages, but has so far shown disappointing results.

A number of initiatives to support small businesses and the informal sector have been launched, both by the government through the Ministry of Trade and Industry and through non-governmental (NGO) initiatives. The support is, however, sometimes inconsistent and uncoordinated. Follow-up services and access to credit remain prime concerns.

## Education

Namibia allocates a commendable 28% of its budget to education - through the Ministry of Basic Education and Culture (MBEC) and the Ministry of Higher Education, Vocational Training, Science and Technology (MHEVTST). This commitment is crucial given the legacy of apartheid education, and the backlog of skills training. Making this contribution effective however, is an ongoing concern. At Independence the government committed itself to a policy of education for all, which includes compulsory education from Grade 1 - 10 (or through sixteen years of age). This put enormous pressure on the financial and physical resources of the education system. Repetition and drop out rates push the costs even higher.

In addition, the system suffers from regional disparities in provision and quality, evident through physical facilities, teacher qualifications, and teacher-learner ratios in rural areas, especially the far North, compared to urban ones. There are seven education regions, compared to 13 political regions. These regions are administered by an education officer, and are developing education forums, linking parents, businesses, headmen, and other government ministries, in an attempt to promote better coordination and cooperation. With a general government policy of decentralization in place, more decision making and budgetary control may soon pass to the regions.

The provision of primary schools has received much attention and generated results in the years since Independence as seen in the following table.

**Table 4: Changes in the number of schools over the past five years.**

| Region | 1992 | 1993 | 1994 | 1995 | 1996 | Average annual growth rate (%) |
|---|---|---|---|---|---|---|
| **Total** | **1325** | **1354** | **1365** | **1378** | **1435** | **2.0** |
| Katima Mulilo | 134 | 137 | 140 | 139 | 140 | 1.1 |
| Rundu | 210 | 210 | 211 | 212 | 238 | 3.2 |
| Ondangwa East | 313 | 323 | 324 | 339 | 349 | 2.8 |
| Ondangwa West | 316 | 324 | 325 | 330 | 345 | 2.2 |
| Khorixas | 92 | 94 | 103 | 105 | 107 | 3.8 |
| Windhoek | 136 | 141 | 142 | 139 | 141 | 0.9 |
| Keetmanshoop | 114 | 114 | 114 | 108 | 109 | (1.1) |
| Special Schools | 10 | 11 | 6 | 6 | 6 | (12.0) |

Over the past five years the number of schools has increased. The largest growth was between 1995 and 1996 when 57 new schools opened. The growth has been uneven across the regions. The Ohangwena and Oshikoto regions of Ondangwa East have seen significant increases in school numbers. The large increase in Erongo is due to the incorporation of Walvis Bay schools in 1994. School numbers in Rundu, Keetmanshoop and Windhoek have not changed significantly. the transfer of five vocational and technical institutes from Special Education to the Ministry of Labour and Manpower development and then top the Ministry of Higher Education, Vocational Training, Science and Technology, is responsible for the large negative growth rate shown there. Source: *1996 Educational Statistics*, EMIS.

A number of donor supported projects are addressing primary education reform through curriculum development, teacher training, and material production. Secondary education is benefiting from projects to upgrade science and math teaching in particular.
At Independence English was declared the only national language. Schools provide instruction through home language in Grades 1 - 4, and then switch to English medium instruction. This has also hampered true equality in education, as many teachers especially in rural areas are not competent enough in English themselves. In-service upgrading of teachers in English is done by the Ministry of Basic Education and Culture and by NGOs.

A number of volunteer organizations make up for the deficit of qualified teachers in secondary schools, especially in the fields of English, Math and the sciences. Namibia needs more qualified teachers in this regard, but to acquire them the cycle of poor teaching and facilities in these subjects leading to poor examination results must be broken. Pre-vocational subjects are offered in the International General Cambridge Secondary Exam (IGCSE) curriculum, but here too a shortage of qualified teachers precludes many schools from offering the full range, or any, of these subjects. The result is that few learners acquire any artisan skills.

**NAMCOL**, the Namibian College of Open Learning, is a parastatal, formerly under the Ministry of Basic Education and Culture which offers Junior Secondary and the IGCSE courses to out of school youth who for whatever reason were not able to stay in the formal system. NAMCOL offers a face to face and a distance option . Learners pay a subsidized fee for courses taken through NAMCOL. Many of NAMCOL part time teachers are teachers within the school during the day. In 1995 the total enrollment was 9636; and in 1996, 10 828. Similar increases seem likely in the years to come, as government spending on education must continue to focus on Grades 1 - 10.

The Ministry of Basic Education and Culture's **Directorate of Adult Basic Education** offers a nation wide literacy programme with an enrollment of 40,000 in 1996, with a majority of female students. The programme is in three stages, and about 28,000 adults have passed stage 1 of the programme, acquiring basic mother tongue literacy. There are now plans, well advanced, to offer an adult basic education course. A curriculum has been developed and should be implemented in 1998. An adult skills programme, which includes credit facilities, has given credit to 1000 people and plans to expand to more regions this year. This focus on life-long learning is crucial to Namibia's workforce development as many adults were unable to benefit from basic or further education during the colonial era.

## Training

In all sectors of socio-economic life critical skills shortages exist. Volunteer teachers are used in the schools, ex-patriots are used in management and technical positions, external consultants are relied on for evaluations and feasibility studies. Although one expects

shortages for some time to come, steps need to be taken not only to increase the training capacity in the country, but also to enhance the effectiveness of existing training options.

In 1997, of the 24,508 full time Grade 10 learners, only 11, 173 qualified to go on to Grade 12. In 1996, enrollment figures show a similar trend. Only about half of the Grade 10 learners go on to Grade 12. So every year more than 10,000 school leavers are looking for jobs or for further training. Where will they go? The majority from one year may well be without access to formal training or formal employment. This is a concern for parents, the community, and the government alike, as voiced in this article from *The Namibian*, 5 February, 1998.

***Education problems dog North***
***by Oswald Shivute***

*A meeting to discuss the education crisis in the North has been scheduled for mid-February. The Oshakati Parents education Committee which is organizing the meeting, claims that education in the North is in "decline" and has accused the Ministry of Basic Education of failing to provide adequate school infrastructure and qualified teachers.*

*The meeting was initially supposed to have been held on Saturday at Oshakati Primary School. However, it was postponed until February 13 after it was discovered that the two directors of education in the North had not been properly informed about it. Senior Headman of Uukwambi, Herman Ipumbu said the meeting had the backing of the seven Owambo Traditional Authorities.*

*Many parents are concerned about the state of education in the North as many children have been unable to start at primary level because of a lack of classrooms. The meeting will look at the classroom shortage which is keeping learners out of Grades 1 - 9.*

*The organisers of the meeting also said that some 13 355 learners between 15 - 20 years have been chased out of schools onto the streets after failing Grade 10. Many parents want these students to be readmitted to schools along with those learners who obtained 20 and 21 passing points.*

1**. Vocational Training Colleges** are one option. Vocation Training Colleges are managed by the Ministry of Higher Education., Vocational training, Science and Technology. Entry level for vocational schools is a Grade 10. There are six government vocational training institutes offering the courses outlined in the graph below reflecting 1996 information. Six new courses were added in 1997.

**Table 5: Enrollments in vocational training centres**

| **Subject** | **Total** | **Arandis** ***Erongo*** | **Okakarara** ***Otjozon-djupa*** | **Rundu** ***Oka-vango*** | **Valombola** ***Oshana*** | **Windhoek** ***Khomas*** | **Zambezi** ***Caprivi*** |
|---|---|---|---|---|---|---|---|
| Total learners<br>females | 464<br>89 | 31<br>2 | 81<br>- | 55<br>7 | 153<br>30 | 103<br>25 | 41<br>25 |
| Air conditioning and refrigeration | 16 | - | - | - | - | 16 | - |
| Auto-electrics | 10 | - | - | 10 | - | - | - |
| Auto-mechanics | 86 | - | 26 | 24 | 22 | 14 | - |
| Bricklaying/ Plastering | 78 | 7 | 9 | 21 | 27 | 14 | - |
| Building | - | - | - | - | - | - | - |
| Carpentry/Joinery Cabinet-making | 68 | 10 | 8 | - | 23 | 13 | 14 |
| Electrical Installation | 51 | - | 20 | - | 15 | 16 | - |
| Fitting and Turning | 30 | - | - | - | 15 | 15 | - |
| Maintenance fitting | - | - | - | - | - | - | - |
| Needlework/ Dressmaking | 5 | - | - | - | - | - | 5 |
| Panelbeating | - | - | - | - | - | - | - |
| Plumbing | 39 | 6 | 7 | - | 26 | - | - |
| Radio and TV repair | 15 | - | - | - | - | 15 | - |
| Secretarial training | 22 | - | - | - | - | - | 22 |
| Welding/ Metal work | 44 | 8 | 11 | - | 25 | - | - |

Source: *1996 Education Statistics*, EMIS

These training centres offer a mix of theoretical and practical training through a system of registered apprenticeships. The number of companies participating however is small. 80% of the apprentices were housed in 10 major companies. (Franz, 1995).

The total enrollment, at the Vocation Training Centers was only 464, of which only 89 were women. (EMIS, 1996). The budget for these centers in 1996/1997 was N$ 7,032,836 ( MHEVTST, 1996) making such training a very expensive option.

**Table 6: Recurrent Budget for Vocational Training Centres, 1996/97**

| | **Personnel Expenditure** | **Goods and Services** | **Capital Assets** | **Total N$** |
|---|---|---|---|---|
| Arandis Skills Training Centre | 527 464-65 | 200 546-39 | | 728 011-04 |
| Okarara Vocational Training Centre | 1 102 901=64 | 332 492-81 | 84 338-00 | 1 519 732-45 |
| Rundu Vocational Training Centre | 953 719-14 | 362 882-15 | 222 337-23 | 1 538 938-52 |
| Valombola Vocational Training Centre | 1 304 097-96 | 356393-76 | 189 674-36 | 1 850 166-08 |
| Zambezi Vocational Training Centre | 767 389-96 | 329 770-55 | 298 827-49 | 1 395 988-00 |
| N$ | 4 655 573-35 | 1 582 085-66 | 795 177-08 | 7 032 836-68 |

Source: *Annual Report 1996* of MHEVTST

The VTCs are attempting to expand their reach, not only through increased enrollment, but also through outreach programs. Instructors in some of the centers make themselves available for short courses to local entrants. In addition the trade test can be written by private candidates at the National Training and Testing Center.

In addition there are private training institutions, mostly in Windhoek. Short courses are also available, both in-house through companies, through private institutions and through non-governmental and church initiatives. One survey, estimated a total enrollment figure of 3599 in all vocational training courses in 1993 (Franz, 1995). At the moment informal training initiatives, of which there are many small operations, are not integrated into a government system. Even a data base of such training opportunities would provide a first step, and later articulation of short and informal courses could be done.

2. **Teacher Training** is offered through four Colleges of Education under the Ministry of Higher Education, in four regions of the country. Two of these were only completed in 1996. They all offer the Basic Education Teachers Diploma (BETD) qualifying teachers to teach at primary level. The course is a three year course with an entry requirement of Grade 12, with certain pass marks. The total first year enrollment in 1996 was 622. The total over three years was 1719 in 1996. A plan to have the University of Namibia assist in teacher training through additional links with the Colleges of Education as part of the European Union assistance for human resource development. (HEDCO, 1997).

3. Higher education is available through **The PolyTechnic of Namibia** and the **University of Namibia**. Both institutions are new since independence and have had on going consultations to make the faculties responsive to the needs of development in Namibia. The University has, in 1997, opened a centre in the far north to offer bridging courses, short upgrading courses for teachers, and a distance learning centre. Such

initiatives are especially vital in reaching rural youth and others outside the perimeter of Windhoek.

The following courses are offered by these institutions:

**PolyTechnic of Namibia:**

- Accounting and information
- Engineering
- Language and Communication
- Legal training
- Management and administration
- Natural resource Management
- Secretarial training
- Vocational Training

for 4759 students.

**The University of Namibia (UNAM**) has eight faculties:

- Agriculture and Natural resource
- Economics and Management science
- Education
- External Studies (Distance Learning)
- Humanities and Social Sciences
- Law
- Medical and Health Sciences
- Science.

The total enrollment for the three and some four year courses was 4510 student in 1996 of which 57% were female. Of this total, 1804 were enrolled through the Center for External Studies, illustrating the high demand for upgrading and training beyond the borders of the University and Windhoek. Graduates from the University will have an essential role to play in meeting the development needs of Namibia. Skills training requires curriculum development, material production, project management and research. These skills should come from the university graduates in years ahead.

The government has articulated a commitment to human resource development through education and training. An infrastructure is in place to serve Namibia's relatively small population. A focus on needs in the rural areas, of opportunities for youth, especially young women, and of appropriate training for small and informal business development by all stakeholders could contribute to Namibia's workforce and overall development.

# SECTION TWO : CONSIDERATIONS FOR INTERVENTIONS IN WORKFORCE DEVELOPMENT

The government of Namibia has made human resource development a priority in its first National Development Plan (NDP1). Skills shortages exist in most fields, but particular deficits will become more and more critical in the science, health, technical and trade, and engineering sectors. These shortages are already being addressed through a number of initiatives supported by outside partners with government and non-governmental organizations (NGOs).

The conference, Capacity 2000, on community based skills training held in Namibia held in September 1997 under the auspices of the Ministry of Higher Education, Vocation Training, Science and Technology, provided an opportunity for a large cross section of those involved in the field to represent their activities, views and pressing needs. A number of recurring themes emerged through interviews with and publications by different stakeholders in workforce development for Namibia. These were:

- the priority of good basic, general education and how to assure access for all
- the lack of role models for entrepreneurial and manufacturing initiatives
- the lack of technical personnel to train at all levels - secondary school, basic skills, youth development, vocational colleges etc.
- the need for a data base on training opportunities, credit options, SME support
- the need for more coordination to avoid duplication of services and wasting of scarce resources
- statistic and anecdotal information that skills training is a key to employment
- the expanding problem of youth unemployment and the subsequent questions of service delivery to an adequate number
- the need for improved follow-up and back up services for small business development and skills training generally

The following information resulting from interviews with individuals in key agencies gives an indication of these issues within present initiatives aimed at employment creation, poverty reduction, skills training, capacity building within organizations, and human resource development generally in Namibia.

### Basic Education and Teacher Training Support

Government investment in formal education - basic and higher - is essential to ensure workforce development. The Ministry of Basic Education and Culture receives support for many of its various activities, including:

- development of physical facilities including schools and toilets
- in service teacher training

- curriculum development and material production
- support to teacher training colleges
- support to teacher resource centres
- supplies of volunteer teachers
- school management training

These initiatives seek to redress passed imbalances in the education system, leading to greater access to the system and equality in the system. The high cost of education in Namibia is a growing concern. Savings through bringing down the repetition rate, the drop out rate and the overall time spent in school are all being considered. Optimal use of facilities and community management and maintenance of facilities are underway.

Teacher training and upgrading, especially in maths, sciences and English is covered through a number of projects based at and coordinated by the National Institute of Educational Development (NIED). The Basic Education Teachers Diploma offered through the Teacher Colleges, is also available through in service short courses, with salary increments applicable on completion. Through this project many unqualified teachers are receiving training, with a presumed benefit for the learners in primary schools.

These efforts are showing results over time, with 64 percent of teachers now having a Grade 12 or higher qualification, compared with 51,5% in 1992 when figures were first available (EMIS). The total number of teachers has grown from 15 257 to 16 6719 in the same four years.

Teacher Resource Centres under the MBEC support in service training and up grading for teachers and in return receive support from donor partners including the English Language Training Development Program . Teacher competency in English is a crucial component in achieving learner objectives. Unfortunately many of the teachers still do not feel confident teaching through the medium of English and confronted with new textbooks developed for the new syllabus may not fully understand the text and may have trouble explaining and explicating the information in English to the learners.

The cycle of a shortage of math and science teachers resulting in few learners taking or passing math and science subjects, can be broken through in-service training, improved pre-service teacher training, and physical facilities. These efforts however must be coordinated with a system to ensure support to science and maths teachers. A shortage of maths and science advisors exists at the moment. The lack of support may be augmented by greater regional control unless a strong program is in place. (HEDCO p.9) Without this educational foundation, especially in the national language and maths and sciences, workforce development will falter and require huge remedial efforts at a later stage.

Vocational courses have been built into the secondary school curriculum. A shortage of instructors and a lack of equipment for technical training hinders the efficacy of these courses to address the need for technical skills training . The impact appears minimal.

The following list gives an indication of some of the courses and the numbers of learners enrolled in a sample of vocational subjects available in secondary schools.

- metal work 216
- motor mechanics 554
- technical drawing 1608
- woodwork 1861
- engineering science 66
- design and technology 75
- electronics 23
- fashion and fabrics 411

These figures are out of over 100,000 learners in Grades 8 - 12. This numbers should not hide the fact that many subjects in the curriculum have a practical component such as forestry and gardening in the sciences. however a strong vocational education within compulsory schooling could enhance the perception of the value of vocational training as well as the technical skills of the young, presently often unemployed, school leavers.

**Vocational Training and Skills Development**

An clear shortcoming of the present system is the minimal involvement of women in formal vocational training. This is set to be addressed by a European Union sponsored programme, which will look at gender sensitivity among lecturers and in the curriculum.
This support programme will train 60 new and upgrade 40 existing instructors in the formal vocational colleges. With close to 40% of household in Namibia headed by women, workforce development must consider how to organize training which suits women with their many varied responsibilities. The issue of adequate child care serve as just one example.

Instructors and trained personnel will also be required in other training centres around the country - those run through the Community Skills Development Centres (COSDECs), those of the Ministry of Youth and Sport, and those of NGOs, churches and private institutions. At the moment these organizations are separated by such issues as entry requirements, target group, final qualification, funding sources and sustainability, and overall delivery capacity. Greater documentation and sharing of lessons learnt by all the organizations could create a sizable body of practical knowledge to improve all the training efforts.

The Ministry of Youth and Sport's training centre in the south has a 70% employment rate for its graduates. These practical courses of a year provide young people with skills in welding, dress making, carpentry. The new centres starting in the regions will concentrate more on a needs based training delivery, ranging from bicycle repair, to life skills. The continued concern of the Ministry however is the gap between the demand for the services and their capacity to deliver. The 100 places at the Xei Xanab skills training centre were

sought by over 1000 applicants. With 70% of the total population under thirty, and 53% of the unemployed under 24, the needs of this target group require a much more substantive, coordinated, strategic programme.

The mass skills training initiative of the MHEVTST under which the COSDEC initiative falls, is underway in the regions - some of the five centres further along than others. These centres should be able to respond to the specific demand in their locality and to make use of the available resources, both in terms of materials and people. Training is generally recognized to be more effective when undertaken on site as much as possible, and within the environment where the skill will eventually be used. With this in mind, the COSDEC initiative will be an important pilot for other such centres in other regions. a study of Omaheke in the east, for example, found potential for high demand in a number of areas, including hospitality, construction and auto-repairs as well as business skills for self employment. Such a study is very helpful when planing a training course at a regional centre, and points the way forward for other studies on market demand and potential employment linked to required skills. Substantial support is necessary for these regional centres to make an impact on unemployment and skills development. Support in terms of seed money, but perhaps more importantly in on-going training to the management and personnel of the centres.

**Manufacturing**

Most of the small businesses in the north (over 75%) are involved in retail, and a great majority of those in alcohol production or distribution. Other manufacturing is poorly represented in Namibia. How can traditional raw materials, including millet grown throughout the north, be packaged and developed into new products? How can housing schemes can use locally sourced materials instead of cement bricks? Of concern is the absence of sufficient role models in the manufacturing sector. Exposure visits to other African countries, particularly in West Africa, have been proposed as one way to generate interest and some know-how in this sector. Again a training initiative looking at creating a large enough available workforce to be involved in his sector could be a first step in this process. Basic business skills training is also considered essential, including customer service, bookkeeping, preparing a business plan, dealing with government regulations and registration.

**Life Long Learning**

Policy statements at Independence stressed the government commitment to life long learning exhibited primarily through adult education and literacy programmes. Through the Namibian College of Open learning (NAMCOL), the National Literacy Programme in Namibia (NLPN), the new Adult Basic Education Programme, and Open Learning Centres, Namibia has mechanisms, facilities and personnel to address the needs of adult learners. The cost of all these programmes however may become prohibitive and effective use of the resources will become increasingly crucial. In four years of operation the NLPN

reached approximately 123 000 people, 74% of whom were female. A demand has been created for further adult education opportunities and the Adult Basic Education courses will begin this year. The development of materials for all these courses will be crucial to make the material appealing and relevant to adult learners. Connections to employment and business skills and attitudes can be featured in the content. The culture of life long learning seems well established in Namibia, and needs to be rooted more and more in community efforts and support.

**Small and Micro Enterprise Development and Links to Credit**

The small and informal business sector is considered a key to employment creation.
The Policy and Programme on Small Business Development launched by the government in September 1997 provides a framework for future support in this area. The policy looks at three major areas:

- deregulation and incentives
- pro-active programs in finance, technology transfer, purchasing, siting and training
- institutional support to implementing agencies.

Further clarification and assessment of the specific roles of different players in the SME environment, including financial institutions, NGOs , ministries and parastatals and the private sector needs to be undertaken. An assessment of what these institutions are already offering, what they have the capacity to offer, and what gaps exists will be a major step in supporting new businesses (Gross, 1997). Small businesses have been identified as a main provider of labour intensive production . Enterprise promotion can be a the starting block, but the exact nature of the enterprises, the array of skills required, and the best training delivery system need further consideration. A number of practical matters concerning local implementation of the programme remain.

Chief among these is access to financing. This is presently an uncoordinated effort. NGOs with donor support provide some credit. Some of these are linked with financial institutions. It is generally agreed that even with donor support, credit should be made available to entrepreneurs at the market rate or above. The problem for small entrepreneurs is not so often the cost of credit as simply the access to credit. In communal areas without freehold, collateral becomes a major obstacle. In addition many commercial banks simply do not give loans to informal businesses. One bank was found unwilling to open a current account without a pay slip being produced (Tonin, p. 43).

The Adults Skills Development for Self Employment under the MBEC was one of the first credit guarantee scheme to operate in partnership with a commercial bank. This experience in assessing the viability of existing businesses and forging links with credit opportunities is valuable for the SME development throughout the country. Presently working in two regions, this programme will be expanded in 1998 to another four regions, using a commercial bank as the loan provider for existing businesses. One drawback the programme experienced was the absence of business experience and management skills in

the business trainers. The real problems encountered by people starting or running their own business cannot be minimized, and actual experience in business is often a critical ingredient. The most successful entrepreneurs appear to be people who had previous work experience before starting their own businesses.

Support for SMEs remains disperse and sometimes hard to access, especially market information and data on what resources are at hand. It is noteworthy that in a study of small entrepreneurs in Oshakati and Swakopmund, although many stated they needed assistance few had accessed what assistance was available (Kadhikwa, 1996). This points to a lack of dissemination of information as a key problem.

Another interesting finding of the study was that a majority of the entrepreneurs received their training through formal employment. The question emerges as to where else can potential entrepreneurs get the experience and training they may need. One possibility is more links between work and education. Pre vocational subjects within schools often lack a practical component sometimes due to lack of equipment, and always an absence of on site work practice. Even formal apprentices are only found in a few businesses. A project to link potential young entrepreneurs with experienced business people or in work placements could add immensely to the value to any training initiative.

All those involved in any way in the SME and entrepreneurship training emphasize the importance of adequate follow-up and back up support. This is problematic however in that it makes great demands on the time and personnel resources of the supporting agency. Business organizations could play a role in this regard and the NNCCI has established a small business development department A Small Business Committee and an Association of Youth in Business are both potential follow-ons from this department. This peer-peer support could be an effective, cost saving vehicle for back up.

## SECTION 3: FUTURE PROGRAMME PLANNING CONSIDERATIONS AND RECOMMENDATIONS

Concerted, concentrated technical training initiatives at all levels, from secondary school, through apprentices, to technical teachers, lecturers and trainers is imperative. More financial commitment to vocational skills training, a flexible, responsive, demand driven curriculum, and a more coordinated approach could begin to generate a skilled workforce essential for the development of the Namibian economy.

Growth in manufacturing, in small business development, and in tourism will rely on having an adequate supply of trained, skilled personnel. If, as considered in the Poverty Reduction Strategy, Namibia can expand as a transport hub for the region, and a prime tourist destination, a myriad number of opportunities manifest themselves - drivers, mechanics, store managers, hotel staff, environmentalists - but for this potential to be realized, the skilled personnel are needed on the ground.

Basic business skills are often highlighted as crucial to development in this sector. A number of NGOs offer business skills, but a lack of correlation with other players may mitigate the effectiveness of these courses. For example, it was explained how those who train young entrepreneurs may not know what the Namibian Development Corporation is looking for in a business plan, and there may be little connection with institutions offering credit. Greater networking among these organizations seems essential to benefit the potential entrepreneur.

Namibia's small population allows, and its large percentage of young people demand, an integrated approach to skills training. Linking, possibly through the MHEVTST, all training opportunities could improve the quality of training offered by different organizations and different ministries and give clearer guidance to young people of what is required in the market place and what training is available to prepare for those jobs. Many of the bodies necessary to ensure articulation and coordination are in place, but need to be more fully utilized. 1998 will be declared the Year of the Youth in Namibia and a national conference on the plight of the youth is being prepared at which youth will participate to deliberate on strategies to address such issues.

An appreciation of competency based skills, delivered through industry, by NGOs, by government centres, or private initiatives would be an essential component of that integrated approach. Namibia continues to show an unhealthy emphasis on formal certification and training programmes, with too little attention given to actual competencies. It is interesting to note, that at the Capacity 200 conference in September 1997, there was a certain ambiguity and lack of understanding about what competency based training entails, how it can be measured, assisted and harnessed within existing programmes. These questions could be addressed through:

- commitment from government and industry to recognize competency based training
- a study of existing programme using competency training - their methods and successes and dissemination of this information through a national forum.
- support to existing projects in order for them to increase the scale of their outreach in competency based training
- support for new pilot projects in competency training

Links with existing employment operations can be strengthened. Practical experience and on the job training is limited mainly to formal apprentices and large employers in Namibia. Incentive schemes that encourage private sector training and involvement in work experience can be very cost effective. Innovative projects aimed at placing youth in work situations, be it with a self-employed business, side by side a formal apprentice, or in a large company during the holidays, can offer the necessary introduction to work experience and motivate the participant.

Information sharing and additional coordination is necessary in the small business development field. Clearer guidelines as to responsibilities and tasks of different players

would be a first step. At the moment a number of organizations look at SME support, but the exact nature of their support could be clarified and rationalized so that the new, potential or existing entrepreneur would have an easier time making use of what already is on offer.

A resource center and data base on skills training and support - available to individuals, small businesses, new entrepreneurs, NGOs and community projects - is needed. A foundation to support the community skills development centres (COSDECs) could make this important contribution. Various organizations seem well placed to contribute to such an initiative.

The Joint Consultative Council on SMEs already has information on what is offered by its members in terms of credit, training, and support to small business development. The Namibian National Chamber of Commerce and Industry (NNCCI) also has information on its members. The Foundation, envisioned by the MHEVTST would also be well placed to carry out such a survey and create the necessary data base, and look for distribution points.

New interventions are best based on what already exists and using what has already been learned. All too often new initiatives are not themselves demand driven or well integrated into existing programmes. Building on the strengths of local communities, on existing studies of growth areas, on some traditional products and on successful pilot projects will ensure the best results for future workforce development initiatives. An integrated and coordinated training effort from the government, the private sector and the NGOs can begin to relieve the critical skills shortage. Information collection and dissemination on the availability of technical and business skills training, of support to small business and on markets would contribute to the best use of these resources.

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# INDIA

## *WORKFORCE DEVELOPMENT IN THE STATE OF RAJASTHAN*

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**Sunil Ray**

# Executive Summary

## *Workforce development in the State of Rajasthan*

Approximately 2.6 million people will be added to the Rajasthan workforce from 1997 to 2002. Yet there is a glaring mismatch between the supply and the demand for labor, especially with respect to skill levels. For example, Rajasthan has one of the lowest rates of literacy in India. The 1991 census showed only a 20 percent female literacy rate. A 1996 report estimates that 62 percent of the population above the age of seven is unable to read and write.

The major workforce development initiatives in Rajasthan are supply oriented, focusing on government-run training institutes. Unfortunately, these institutes are poorly linked to the real-world demands of the marketplace, and their graduates find only limited use for their new credentials. A glaring need in the state is for the existing training institutes to become more demand-driven by linking them to the private sector and industry.

Part One of this report focuses on the employment scenario in the state and the mismatch between the demand and supply of labor. The report shows that the capacity of all of the various training institutions available in the state is minimal compared to the vast numbers who need to be trained. In 1995, there was capacity for only 16,545 places in training institutes, and this number actually represented a *decrease* from 1991. Moreover, only 66% of training vacancies are actually filled, and the number of vacancies has increased over the 1991-1995 period. The courses offered in these institutions are apparently becoming less attractive to young people, most likely due to low job prospects after receiving the training. However, the study notes repeatedly that information on rates of job placement are not available. This lack of information on the labor market is a severe impediment to a well-functioning workforce development system.

Part Two addresses the emerging avenues of employment in Rajasthan. The "thrust industries" identified in the state's industrial growth strategy include (1) Electronics and Software; (2) Floriculture; (3) Ceramics; (4) Textiles (5) Agro and Food processing; (6) Leather-based activities; (7) Mineral-based activities; (8) Wool-based activities; and (8) Small, Tiny and Village industries. The potential for microenterprise development is also substantial, provided that bottlenecks can be removed in creating market linkages, developing skills, and obtaining access to credit.

Part Three focuses on the training facilities that are available for skills upgrading, including the Polytechnics, Industrial Training Institutions (ITIs), Colleges and other institutes. Special attention is given to student drop-out rates. These rates exceed 50 percent for about half of all courses offered, again suggesting that students find them to be of little help in securing jobs in the marketplace. The lack of job-placement information is again noted. Many more courses attract few applicants for admission. Collectively, these observations cast serious doubt on the quality, relevance, marketability and cost effectiveness of the training imparted. The link between market demand and the provision of skills training is missing.

Suggestions for future investments in workforce development are given in the Part Four, and are also sprinkled throughout the report. Among the recommendations:

(a) Create a state-wide body of the various public, private and NGO stakeholders in workforce development to develop a clear strategy and list of priorities;

(b) Restructure the technical and vocational institutes to bring about partnerships with industry and the private sector, and to make these institutes more demand-driven;

(c) Develop systems to periodically review the quality of training and the course content at vocational schools and institutes; redesign and update course offerings in view of the changing requirements of the market;

(d) Develop information systems to shed light on the labor market, the number and type of jobs demanded, and the placement rate of training programs;

(e) Target investments toward the establishment of linkages between education, employment and development;

(f) Target workforce investments in potentially high growth sectors, including (i) gems and jewelry, (ii) wool-based industries, (iii) leather based industries, (iv) mineral based industries, and (v) tourism;

(g) The report also recommends investments be made to expand training facilities for paramedics, reduce the problem of child labor, develop low cost training facilities for rural management, and acquaint local stakeholders with the design and implementation strategies of successful workforce development initiatives in other countries.

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## I.
## INTRODUCTION

One of the challenges policy makers in India are facing today is that of ensuring employability of the workforce in the context of recent economic changes. To allow a large section of population to benefit from economic growth the ability of the workforce to respond to these changes is as important as efficient utilisation of the human and material resources. The planners and policy makers in India are aware of the glaring mismatch between the supply and the demand for workforce, especially the gap in the skill content. Approach paper of the 9th Five Year Plan emphasizes the need for reorientation of educational and training systems in order to improve their capability to respond to the changes in the labour market. (Govt. of India, 1997). In other words, a systemic intervention in the supply side of the labour market is sought for so that workforce development programmes could suitably match the emerging pattern of demand for the labour.

It is in this context that an attempt has been made in this paper to review the approaches to workforce development in the state of Rajasthan and suggest the needed changes. The paper is divided into four parts. The employment scenario in the state and the mismatch between the demand and the supply of labour are discussed in Part I. Part II indicates the employment potential likely to be created in different sectors during the 9th Plan period. The facilities which are in existence for workforce development are examined in part III and, part IV concludes by highlighting the role of different stakeholders in skill upgradation.

## II
## Characteristics of workforce and the Skill content-Some Broad Features

It is estimated that the addition to the labour force in the period 1997-2002 will be higher than that in the previous quiuquennium. As per the estimates of the Planning Department nearly 2.6 million persons will be added to the workforce during the 9th Plan period. The age-wise distribution of the projected workforce is given in the table below (Table 1). In addition, the 9th Plan will start with a backlog of 0.59 million unemployed persons.

An important feature of the workforce in Rajasthan is that the participation rate of females in the workforce is lower than that of the male, in both urban and rural areas. It should be recognised at the outset that in the formal statistical presentations a very restrictive view of women's participation in workforce is taken, e.g. the work performed in the domestic arena is ignored. The female participation rate, for all age groups put together, was 69 per cent of the male participation in urban areas, and only 26 per cent of the male participation rate in rural areas. Several socio-economic factors are responsible for such low participation rate of women, especially in the rural areas. It is important to underline that with the passage of time women participation rate may increase, thus exacerbating the

employment situation. Other major characteristics of the workforce and its deployment in the state can be summarised as follows:

- Rate of addition to the workforce continues to outstrip creation of new employment opportunities;
- Rate of unemployment in Rajasthan exceeds the rate of unemployment in the country as a whole;
- The organised manufacturing sector accounts for a very small part of the total employment;
- The state government is the largest employer in the non-agricultural sector.(Vyas Committee Report, 1991).

**Table 1 : Projection of Labour force for the period 1997-2002**

**(Millions)**

| Age Group (Years) | Total Population as on Ist March | | Labour Force as on Ist March | | Addition to labour force 1997-2002 |
|---|---|---|---|---|---|
| | 1997 | 2002 | 1997 | 2002 | |
| 5+ | 43.8 | 49.3 | 21.8 | 24.6 | 2.6 |
| 15+ | 29.7 | 33.4 | 20.4 | 22.9 | 2.6 |
| 15-39 | 26.8 | 30.2 | 19.3 | 21.8 | 2.3 |

Source : Planning Department, Govt. of Rajasthan, based on the 43rd round of NSS (1987-88).

The key question is, why the growing workforce does not get absorbed in gainful activities? Could it be that the types of skills imparted by the existing educational and training institutions are unable to match emerging market demand ? In order to address this question, it would be useful to examine the extent and nature of skills imparted to the youths in the state.

**General Education and Specialised Training**

The development of skills in the workforce may be seen in three different contexts: (1) General education/training; (2) Specialised education/ training, and (3) Upgradation of skills already acquired.

While institutions to meet the requirements of skill development in all the three categories are in existence in the state, facilities available for upgradation of the existing skills are particularly inadequate.

**General Education:** It may be presumed that general education enhances the employability of the workforce. Enrolment of the students at different tiers of educational institutions may be considered relevant in this context. Enrolment of students at different levels for the years 1990-91 to 1994-95 is shown in the table below (Table 2).

**Table 2: Enrolment of students, 1990-95**

(in '000)

| Level of Institutions | Enrolment 1990-91 | 91-92 | 92-93 | 93-94 | 94-95 |
|---|---|---|---|---|---|
| Primary | 3011 | 3175 | 3362 | 3420 | 3511 |
| Upper Primary | 2163 | 2207 | 2383 | 2424 | 2718 |
| Secondary/Higher Secondary | 1606 | 1715 | 1779 | 1853 | 1984 |
| Graduate | 75 | 79 | 94 | 97 | 109 |
| Post-graduate | 12 | 12 | 6 | 6 | 10 |
| M.Phil/Ph.D | 0.2 | 0.2 | 0.2 | NA | 0.08 |

Source: Directorate of Primary and Secondary Education,
Bikaner and Directorate of College Education,
Jaipur(From Fact Book on Manpower, 1996).

Enrolment, per se, does not say much about the skills imparted to the workforce. However, it may broadly indicate the potential for imbibing skills. Although it is natural that enrolment goes down in the successive tiers, one has reasons to worry about the steepness of the fall in enrolment of students after primary level, and more so in the subsequent levels, as seen in Table 2 It is important to note that the absolute number of enrolment increased at all levels, from primary level to Ph.D level, however, the proportion of the students enrolled in the subsequent level is declining.

For many programmes of skill development a few years schooling is of great help. The high drop-out rates in the initial period of schooling, therefore, is a cause to worry. Table-3 shows the percentage of drop-out to enrolment for 1993-94, the latest year for which data are readily available.

**Table 3: Percentage of drop outs to new enrolment, 1993-94**

| | Class (I-V) | Class (I-VIII) | Class (I-X) |
|---|---|---|---|
| Male | 45.70 | 62.34 | 77.87 |
| Female | 55.63 | 72.34 | 88.02 |
| Total | 48.93 | 65.43 | 80.89 |

Source: Centre for Monitoring Indian Economy, Social Sector, 1996.

High incidence of drop-out from schools may be associated with several socio-economic factors. Obviously, these factors do not account for all cases of dropouts uniformly. However, in normal circumstances, developing one's skills and expanding the scope of one's employability through formal education is an important consideration for any individual. The incidence of drop-out to the tune of 65 per cent before completing 8 years of schooling (and in the case of female 72 per cent), as shown in Table-3 is extremely high. The table also indicates that nearly one half (49 percent to be exact) of those who are enrolled in the primary schools do not complete even 5 years of schooling. This suggests that the students, rather their parents, do not consider general education as a dependable mean to secure employment. It also implies that interventions for workforce development needs to be made at fairly early stage of education. In other words, the drop-outs from the higher classes in the schools should be the prime audience for skill upgradation.

**Specialised Training**

In pursuant to the recommendations of the Fourth Education Commission, in Rajasthan also a vocational training stream was introduced in the 11$^{th}$ and 12$^{th}$ year in some of the secondary schools in the state. A recent report had shown that this scheme has hardly made any impact on the skill formation among the students at the secondary level. In this paper, therefore, we are concentrating on the specialised training institutions established explicitly with the objective on vocational training.

A host of specialised training institutions exists in the state for workforce development. Almost all these institutions cater to the workforce in manufacturing and construction activities. While graduates and above get access to the institutions imparting higher levels of technical skills, e.g., in engineering, medical and agricultural colleges, under-graduates can get admission to Industrial Training Institutions (ITIs) and Polytechnics. The intake capacity and actual admissions in different training courses in these various institutions during the last four years are shown in Table 4.

**Table 4: Intake capacity (I) and actual admissions (A) of persons in various technical institutions 1991-92 to 1994-95.**

| Institutions | 1991-92 I | 1991-92 A | 1992-93 I | 1992-93 A | 1993-94 I | 1993-94 A | 1994-95 I | 1994-95 A |
|---|---|---|---|---|---|---|---|---|
| Polytechnics(boys) | 1386 | 1398 | 1595 | 1570 | 1370 | 1556 | 1470 | 1436 |
| Polytechnics(girls) | 240 | 295 | 320 | 309 | 400 | 408 | 420 | 424 |
| ITIs(One Yr.Courses) | 2188 | 3244 | 2432 | 1742 | 2620 | 2359 | 2684 | 2321 |
| ITIs(Two Yr.Courses) | 4464 | 5364 | 4808 | 2139 | 4860 | 2667 | 4948 | 2140 |
| Institutions to train para-medical staff | 4650 | 2726 | NA | 1802 | 3030 | 2298 | 2890 | 601 |
| Institutions to train D pharma & B pharma | 379 | 379 | 382 | 372 | 370 | 354 | 390 | 371 |
| Institutions to train Ayurvedic graduates & Post graduates | 340 | 381 | 340 | 307 | 340 | 337 | 340 | 339 |
| Institutions for training Nurses & compounders in Ayurvedic system | 40 | 338 | 340 | 338 | 340 | 334 | 340 | 338 |
| Institutions to train Dairy Technologists and Stockmen | 389 | 125 | 357 | 93 | 365 | 335 | 390 | 279 |
| Engineering Colleges | 1352 | 1412 | 1348 | 1374 | 1412 | 1364 | 1389 | 1416 |
| Medical Colleges | 600 | 600 | 600 | 601 | 600 | 602 | 600 | 601 |
| Agricultural Colleges | 627 | 622 | 534 | 483 | 520 | 490 | 542 | 537 |
| Institutions for Training post-graduates in Agriculture | 160 | 160 | 145 | 115 | 129 | 100 | 142 | 129 |
| Total : | 17115 | 17044 | 13201 | 11245 | 16356 | 13204 | 16545 | 10932 |
| | (99.58%) | | (85%) | | (81%) | | (66%) | |

Figures in parenthesis are percentage of admissions to the intake capacity.

Source: Fact Book on Manpower, planning (Manpower) Department, Jaipur, 1996

As can be seen from Table 4, Polytechnics and ITIs are the most important institutions for imparting training at the relatively lower levels, in terms of intake capacity as well as the number of students admitted. However, one should not get the impression that training is uniformly spread among all disciplines in the Polytechnics. For example, in the year 1994-95, maximum number of students in Polytechnics (boys) took admissions in Mechanical Engineering (372), Electrical Engineering (344) and Electronics (256) branches, while the response was poor for Computer Science (38), Instrumentation (35), Cement Technology (21), Refrigeration and Air-conditioning (15), Automobiles (15), etc. Similarly, for women, maximum number were enrolled in Textile Designing (101), while less than 100 students took admission in the rest of the branches, such as Commercial Art, Costume Design, Interior Decoration, Electronics, Modern Office Management, etc, (Govt. of Rajasthan, 1996).

It is worth noting that the response of both boys and girls to Polytechnics was encouraging during 1994-95, the last year of the survey. Out of the sanctioned capacity of 1470 boys in all 18 Polytechnics spread all over the state, 1436 students took admission. In women's Polytechnics, 424 students took admission against the sanctioned capacity of 420 seats. One may infer that skill development through Polytechnics, especially in a few selected areas has a good potential.

However, the story is different in case of ITIs. Of the total intake capacity of 7632 sanctioned for the year 1994-95 for one year and two-year duration courses combined, only 4461 students (i.e. 58%) took admission. As one can see from Table 4, response to the two-year duration courses in ITIs shows a declining tendency after 91-92. This is not true for the one-year duration courses.

Some aspects of workforce development through these specialised institutions need to be underlined. Firstly, capacity of all these institutions put together is marginal in the context of the vast numbers who needs to be trained. Secondly, intake capacity of these institutions has hardly increased during last four years (1991-92 to 1994-95). Finally, there has been an overall decline in the admissions to the courses offered by these institutions since 1991-92, from 85 per cent of the intake capacity in 1992-93, to 81 per cent in 93-94, and 66 per cent in 1994-95. This indicates that the courses offered in these institutions are gradually becoming less attractive to the young people perhaps, due to low job prospects after receiving the training. Employment record of the students who have completed the training courses is not available to substantiate this general impression carried by the people.

The gradual decline in response to training in specialised institutions in general, and ITIs in particular, on the one hand and poor availability of trained manpower in the state on the other, suggests a need for reorientation of the training system and strategies for workforce development. We will address this question in the last section of the paper.

In consonance with the changes taking place in the economy of the country and in the state, i.e. move towards liberalisation and globalization of the economy, the 9th Five Year

Plan places considerable emphasis on diversification and reorganisation of various economic activities. The underlying objective is to enable these activities to respond to the changes in market forces. In these circumstances, a shift to demand-based approach has become imperative.

## III
## Emerging Avenues of Employment

The development strategy and the thrust areas identified in the state's 9th five year plan can provide clues to the demand for workforce in different sectors of the economy and thereby suggest the type of skills needed. In the following paragraphs we identify the emerging demand for the skilled manpower as identified by the planners as well as by other knowledgeable sources.

**Industry**

A key component of industrial growth in Rajasthan is infrastructural development, both physical and social, in order to create an enabling atmosphere for industrial development. So far as physical infrastructure is concerned, high importance is attached to the establishment of the Industrial Estates and Industrial Parks. Some of them, such as Export Promotion Park, Leather Complex, Woollen Complex, etc., have already been established. Industrial Parks for floriculture, ceramics, etc., are likely to come up in the next few years. Besides, a few "industrial townships" in strategic locations are proposed in the 9th Plan period. In social infrastructure, major emphasis is laid on (1) Housing (2) Health Services and, (3) Human Resource Development.

Another component of the industrial growth strategy of the state is to give special attention to a few "thrust industries" which have the potential for high value addition and employment generation. This is in addition to improving performance of existing industries. The thrust industries include (1) Electronics and Software (2) Floriculture, (3) Ceramics, (4) Textiles, (5) Agro and Food processing, (6) Leather-based activities, (7) Mineral-based activities, (8) Wool-based activities, and (8) Small, Tiny and Village industries.

**Electronics:** A large number of new units which are likely to come up in the field of electronics would require a substantial number of trained workers, who at present are not available in the state. Even the available workforce, as observed by the Director and the staff of the Indian Institute of Quality management, Jaipur, needs upgradation of skills. It is difficult to visualise all the of activities which may develop in this area in the coming years. However, an illustrative list of some of the promising activities is given below to indicate the type of skilled workforce required for the future development of this industry.

Entertainment Electronics: (i) Projection units, TV Systems, (ii) Audio/video compact disk players, (iii) Laser disk players, (iv) Digital disk Players.

**Industrial Electronics:**(i) Computerised Numerical Control (CNC),(ii) Numerical Control (NC), (iii) Programmable Logic Control (PLC), (iv) Control Systems.

More than 60 per cent of the large industrial enterprises located in the state lack the package of industrial electronics mentioned above. One of the serious constraints in increasing the productivity level, as mentioned by the director IIQM, is lack of industrial control systems and instrumentation. In the absence of skilled workforce new and sophisticated technology, even if made available to these industries, would remain unused or under-utilised.

**Medical Electronics:** (i) Analytical Equipment/Diagnostic Equipments, (ii) Radiation Equipments, (iii) Life-saving Equipments, (iv) X-Ray machines

There is large scope for improving the skills of the workforce in medical electronics. High-tech medical equipments in the state remain unused to a large extent due to lack of technical manpower.

Computer (i) Computer graphics and animation, (ii) Multi-media, (iii) Computer Hardware, (iv) CAD and CAM, (v) Internet

In response to increasing demand for skilled labour in the field of computers a considerable number of training centres have come up in the state. However, most of these centres concentrate on entrance in `O' level (elementary) training, only a few have provision for imparting training at advance, `A' and `B', levels. Apart from the lack of trained workforce at `A' and `B' levels, considerable demand is likely to be generated in the specialised areas noted above.

There has been increasing demand in the state for the workers for repairing and servicing electronic items. These are related to audio and video equipments, tape recorders, colour TVs, VCRs, VCPs and satellite receiving systems. Number of trained workers available in these areas is limited.

In addition to the activities mentioned above, many new products such as Printed Circuit Boards (PCB) and Multi-layer Circuits (MLC) are likely to be introduced in the state in large scale. In fact, some have already been introduced. More products are likely to be available in the field of electronics. The potential for micro units to deal in these products is high. It is learnt through discussions with private enterpreneurs, technicians and staff of the training institutions that even the undergraduate persons can be trained and can acquire the needed skills in these fields.

**Textiles:** It is another promising industry which is likely to take-off during the coming years. A serious constraint responsible for the sluggish growth of this industry in the state is lack of adequately skilled workforce required in different branches of textile manufacturing. By and large, skilled workforce is required at three levels viz; (1) Operational, e.g. mechanical and electrical supervisors (2) Processing, i.e. skilled workers

in dyeing, designing, block making, printing, etc., and (3) Managerial and Supervisory personnel. According to the President, Rajasthan Chamber of Commerce and Industry, hardly a quarter of the skilled workforce is drawn from the local areas, while the rest is drawn from other states.

**Agro-based industries:** These industries, especially food processing industries, suggest another set of activities in which trained workforce needs to be developed in the immediate future. The state of Rajasthan is undergoing a process of agricultural transformation, especially in the western part of the state where irrigation has come in the big way. Apart from agricultural diversification, introduction of mechanisation and other non-conventional inputs have introduced favourable conditions for the growth of agro-based industries, for example, horticulture-based processing industries, vegetable based processing industries etc. Besides, vast potential for cereal based confectionery products, and, large potential for developing oil extracting units based on soyabean, mustard and groundnut now exists which is not yet fully exploited . Although there is some provision for training manpower in these lines of activities, a bigger initiative is needed to develop trained manpower for this sector.

**Small and Village Industries:** Another thrust area for industrial development of the state is small and village industries. The importance of these industries from employment point of view is well recognised. However, the State has not yet achieved significant progress in this field. A major contributory factor for the sluggish growth of this sector is lack of skilled manpower. Of course, traditional skills are available, but these are of little avail to meet the changing and more sophisticated demand for the domestic markets, and more so for the international market, If new skills are inducted and blended with the traditional ones, this sub-sector will not only be able to realise its growth potential to a greater extent, but will also emerge as a major source of employment, especially for those who are semi-skilled and have received only elementary education.

The Resource-based industries such as wool, leather and minerals have tremendous potential to grow in the state, especially in the small and village industries sector. (Ray, 1997, Govt. of Rajasthan 1995). However, due to lack of skilled manpower and infrastructural facilities, primary resources are exported to other states without much processing. For instance, Rajasthan produces 50 per cent of the country's minor minerals, but only a fraction of these minerals is being processed in the state. Similarly, in respect of leather, it is estimated that around 15 to 16 million hides and skins are available in Rajasthan every year, but most of these go outside the state as raw materials because of the lack of processing facilities in the state. As regards wool, around 80 per cent of woollen yarn produced in the state goes outside the state for further processing; again, due to lack of adequate skilled workforce.

The story of village industries is slightly different. There is no outflow of resources which serve as raw material for the village industries to other states. But lack of appropriate technological interventions have constrained their growth. The solution to this problem lies, as observed by the principal secretary, Industries in the Government of Rajasthan,

largely in the development of appropriately skilled workforce. In the absence of a skilled workforce, it is left to the local, traditional, skills and conventional technology to ensure the survival of these industries. Notwithstanding technological bottlenecks, as pointed out by the Director of the state's khadi and village industries Board, a few village industries have achieved, relatively, higher growth over the years. These are (1) village pottery (2) Lime stone (3) Stone polishing (4) Handmade paper (5) Lac processing (6) Paper based products (7) Processing of pulses and vegetables (8) Oil *ghanies* (indigenous oil expellers) (9) Soap (10) Leather-based products (11) Detergent powder (12) Readymade garment manufacturing and (13) Repairing of electrical appliances. At present marketability does not pose serious problem for these products. However, if more income and employment are to be generated in these lines of production, expansion of the market would be needed. This not only will demand quality improvement in the quality of the products of these industries, but would also necessitate increased production with greater efficiency.

In other words, one cannot neglect workforce development in the thrust industries, even while new technology, designs, management and marketing are being introduced to improve their prospects. A concerted and well designed effort to develop the workforce may result in the emergence of the first generation of enterprenurs who will be able to bring about a breakthrough in the production and management of these industries and respond to market signals. The total employment potential in the tiny industrial units, arts and crafts is estimated to be 0.34 million workers for the decade 1990-2000, (Vyas Committee, 1991). The same study further observed that if better planning and implementation is ensured these industries can absorb nearly half a million workers. This would indicate the urgency of improving skills and providing need based infrastructural support to this sector of industries.

**Agriculture**

While planning for skill upgradation in agriculture, it may be necessary to consider three aspects that have led to the formation of the current paradigm of `Resource Use Efficiency' in the state. These include (1) increasing pressure on cultivable land, (2) decline of land-man ratio, and (3) scarcity of water. The skill development programme for agricultural workers should revolve around this paradigm, which indicates the areas of intervention for workforce development in agriculture. A major area of intervention will have to be the introduction and popularisation of water conservation as well as water harvesting technologies. With due regard to traditional knowledge and skills, giving greater exposure to farmers to the operational and management aspects of the new technologies in water use and water conservation, such as pipe conveyance systems, drip irrigation and sprinkler irrigation systems, as well as improved efficiency of the water lifting devices, is a necessity. The monitoring and maintenance of existing works and systems should also receive due attention. To arrest depletion of ground water artificial recharge through various methods i.e, spread of flood water, rain water, percolation tanks and construction of sub-surface water, etc., should be considered (Govt. of Rajasthan, 1997). The skill upgradation efforts should be extended to farmers with the objective of conserving the scarce water resources with the application of science and technologies.

Besides, attempts should be made to enrich the knowledge base of the farmers about input management. The farmers who have access to such knowledge are able to increase agricultural productivity. A large number of farmers have little access to market intelligence. If they are trained to understand the implications of market information and to adapt their resource use accordingly, they will enjoy price advantage. A simple training in farm management can go a long way in achieving this objective.

To achieve this objective, as suggested by the Secretary, Agriculture, Govt. of Rajasthan, networking and coordination of different institutions engaged in imparting training in agriculture is necessary. In other words, Krishi Vigyan Kendras, Agricultural training centres, and Agricultural University, and continent Colleges and Centre will have to make special efforts to impart grass-root level training on large scale.

**Rural Development**

Rural development continues to be a major concern of the policy makers in the state. Many schemes and programmes are under implementation for the development of rural areas. With the recent constitutional amendment Panchayati Raj (i.e. local level) Institutions have been strengthened with the objective of empowering the village community. However, one of the factors holding back this endeavour is the dearth of trained management personnel at the village level. Apart from managing development schemes floated by the government, there are many other activities as for instance, management of natural resources, management of education and health facilities, management of common property resources, etc, which should receive high priority for the development of village communities. These activities need not only careful management but also continuous monitoring. There is a scope for inducting a large number of management cadres at the village level.

**Tertiary Sector**

The tertiary sector grows along with the growth of agriculture and industry. For example, repairing and servicing are likely to expand in view of the emphasis given to industry and agriculture. However, there are some activities in this sector which are not directly dependent on industrial growth, for instance **tele-communication.** During the 9th Plan of the state, according to the Secretary, Planning, it is envisaged that almost all villages of the state will be connected with telephone lines. Besides, there are other communication technologies which are likely to be introduced in the state on a large scale. In order to install, operationalise, maintain and supervise modern communication systems and instruments a large, skilled, workforce will be required in the telecommunication sector.

**Tourism** is another area which is, and will continue to be, one of the major sources of employment and earnings in the state. This sector also requires adequate and appropriately skilled workforce at different levels. Although facilities for skill upgradation of the participants in this activity are available in a few institutions, they are limited. In any case such training to the extent it is available, does not cater to all types of skilled workers required at different levels, such as hoteliering, escorting, cartography, archeology, etc. As the state is laying great emphasis on tourism development for which it has immense scope,

attempts should be made to develop the workforce with required skills.

**Primary health care** is another area which has not yet received due attention for its requirement of skilled health workers. Given the size of the state, the dispersed location of human habitats, and insufficient availability of **health care** facilities in the rural areas, it is necessary to develop a sizeable para-medical workforce to deliver primary health care to villagers.

The state has taken an innovative stance in inducting village youth in the modest educational background in the **education system** catering to the village needs. With the emphasis on universalising education, such schemes will have to be scaled up. The same applies to other services to the rural communities which will have to be provided in a cost effective way. Special training will be needed to exploit these opportunities in the production as well as social sector. Local boys and girls could be drawn and trained for such activities. The para medical, para veterinary, para education workers will fill the void in the rural life which conventional delivery systems will never to able to cover.

**Entrepreneurship Development**

Many of the activities mentioned above will be taken up by capital intensive large, medium or small scale units. However, there is a vast scope for micro-enterprises which are essentially labour intensive. It is in the growth of such enterprises that one sees a large scope for expansion of self-employment. The scope for self-employment, especially in repairing, servicing and assembling seems to be large. One can also visualise expansion of the scope for self employment through the promotion of ancillarisation. Similarly, agro-based industries, and agri-business offer large scope for self employment. A strikingly important area for promoting self employment is that of the small and village industries sub-sector. However, what is now required is removing the bottlenecks in the way of skill development and institutionalising such efforts by means of extending appropriate linkages with the market on the one hand, scientific establishment and credit institutions on the other. To be effective in the present context the entrepreneurs manning micro-enterprises will have to be trained in a systematic way. With the long established tradition of entrepreneurship in Rajasthan a large number of youth can be attracted in self managed activities in diverse fields.

## IV
## Training Facilities For Skill Upgradation

The existing training facilities for skill upgradation may be divided into two broad categories, viz, (1) General educational institutions and (2) Special Institutions for technical/vocational training. Emphasis in this paper is on the latter, i.e. Technical and vocational institutions. It should be recognised, however, that general education, especially school education, provides a base for further upgradation of skills. Generally, those having education upto higher secondary level are eligible to have access to technical or vocational education. However it is possible to have access to some technical institutions for those who fail to complete even Secondary level.

Technical institutions, most important among these being ITIs, Polytechnics, are engaged in imparting training at a relatively lower level. The higher level professional skills are imparted by engineering ,medical, and agricultural colleges. Education in the latter institutions is costly. Besides, the candidates have to qualify for admission after appearing competitive tests organised at the All India level. Entry to the lower level skill development programmes requires much less investment. Although, admission is through a competitive process, but competition is at the level of the training institution itself.

This section takes an overview of the existing training facilities for skill upgradation, especially at the lower level. But a few words on the institutions for general education may be in order.

**General Education**

The efforts of the state for promoting general education could be judged by the number of institutions that have come up over the years, from the primary schools to universities. This information is presented in Table 7.

**Table 7: No of educational institutions for general education (1990-91 to 1994-95)**

| Year | Primary School | Middle level Schools | Secondary and Higher Secondary Schools | Colleges |
|---|---|---|---|---|
| 1990-91 | 29817 | 9230 | 3956 | 158 |
| 1991-92 | 30005 | 9330 | 4126 | 164 |
| 1992-93 | 31836 | 9802 | 4187 | 169 |
| 1993-94 | 33482 | 10028 | 4324 | 171 |
| 1994-95 | 32982 | 11235 | 4562 | 172 |

Source: Directorate of Primary and Secondary Education, Bikaner, and Directorate of college Education, Jaipur.

As can be seen in the above table the number of institutions at all levels have witnessed an increase over the last five years. An important aspect of the growth of these institutions is the consistent increase in the number of schools for girls. It is a welcome trend since female literacy rate in the state is the lowest among the major states of the country,(as low as 20.44 as per the 1991 census). However, how big the response of female children to the expanding educational infrastructure is, and how many girl students drop out after enrolment, are some of the issues that need separate treatment.

Rajasthan's performance in the field of literacy is extremely poor. As per the 1991 census, Bihar and Rajasthan have the dubious distinction of recording lowest literacy rate. In case

of Rajasthan nearly 62 per cent of the population above the age of seven is unable to read and write (CMIE, Social Sector, 1996). To correct this situation, apart from the expansion of the formal education, several non-formal educational programmes have also been launched by government and non-government organisations. One can hardly dispute the positive implications of these efforts in skill formation, as education, even at the primary stage, helps to bridge the gap between the inner-self of the individual and the outside world. This prepares the grounds for prompting an individual to seek skill upgradation.

**Centers for improving vocational skills**

As observed in Section 1, major interventions for workforce development should necessarily be made at the pre-graduation level. The nature of intervention need to be determined in light of the nature of the emerging demand for workforce in the changing economic scenario. It is important in this context to look into the quantitative and qualitative aspects of the existing training facilities. Table below (Table 8) gives the number of training centres available for different branches of skill improvement.

**Table 8: Number of training centres for skill upgradation during 1994-95**

| | No. of Institutions |
|---|---|
| Institutions for Lower Level skill development | |
| 1. Polytechnics | 24 |
| 2. ITIs(both 1 and 2 year courses) | 58 |
| 3. Para medical Staff Training Centres | 57 |
| 4. D.Pharma & B.Pharma Centres | 9 |
| 5. Aurvedic Training Centres | 7 |
| 6. Centres for Training Nurses and Compounders in Aurvedic system | 6 |
| Institutions for Higher Level Skill Development | |
| 7. Universities | 6 (including Agricultural University) |
| 8. Engineering Colleges | 6 |
| 9. Medical Colleges | 6 |
| 10. Agricultural Science colleges | 8 |

There is, also, a Hotel Management Institute, and three Food Craft Institutes. The Institute of Hotel Management is located at Jaipur, and the Food Craft Institutes are

located, one each, at Udaipur, Jodhpur and Ajmer. The intake capacity of the Institute of Hotel Management is 100 trainees, it is 80 trainees in each of the three Food Craft Institutes. Besides, these institutions Vocational Training-cum- Production Centres were set up (in 1979) in four places viz, Jaipur, Jodhpur, Kota and Udaipur, with a total annual intake of 240. The trades in which training is provided in these Centres do not appear to be much different from those in which training is imparted at ITIs.

As seen in the above discussion, skill upgradation at lower levels is taken up, mainly in Engineering, Health and, Food and Catering areas. Among these, relatively more emphasis is given to training in Engineering courses. This can be seen in Table-4 in Section-I, where the intake capacity in each line of activity is shown.

We have also examined response to different courses offered by the Polytechnics and ITIs. As was mentioned earlier, overall response to Polytechnics is satisfactory. However, it is necessary to evaluate the training courses run by these institutions as well as the ITIs in terms of wastage. Wastage is defined as percentage of students in a batch admitted to a course who discontinue their studies before completing the prescribed course. Information on wastage is collected by the Manpower Section of the Planning Department the state. Branch-wise wastage in the Polytechnics is shown in Table 9.

**Table 9: Branch-wise wastage in Polytechnics**

| Range of wastage(Percent) | Branch |
|---|---|
| below 5 | (1) Textile (2) Instrumentation |
| 5-10 | (1) Minining (2) Production (3) Chemical |
| 10-15 | (1) Architecture (2) Mechanical (3) Civil |
| 15-20 | (1) Electrical (2) Electronics (3) Refrigeration (4) M.T.T |
| 20-25 | (1) Automobile |

Source: Fact Book on Manpower, Planing Department, Govt. of Rajasthan.

It is difficult to explain, on the basis of the available secondary data why the wastage rate in some of the important branches is high when the availability of trained manpower is in these vocations is much less. For instance, it is difficult to understand why the percentage of drop outs in an area such as Electronics is 18.27. Is it that the workforce developed in the existing training framework fails to generate demand for its employment ? Does it suggest redesigning the course content in order to make the trainees capable of responding to market demand ? The same is true in the case of Automobile and Chemical engineering.

**Table 10: Wastage rate in the One year certificate course at ITIs**

| Wastage range | Trades |
|---|---|
| Below 15 | (1) Dress Making |
| 30-40 | (1) Printing Mechanical Operation |
| 41-50 | (1) Welder (2) Diesel mechanic |
| | (3) Sheet metal (4) Mining (Mechanical Operation) (5) Plumber (6) Hand weaving (7) Hand composition and Proof reading (8) Painting |
| 51-60 | (1) Moulding (2) Stenography (Hindi) (3) Book binding |
| 61-70 | (1) Tailoring and Cutting (2) Tractor Mechanic (3) Carpentry |
| 71-80 | (1) Blacksmithy (2) Stenography (English) (3) Secretarial Practice |

Source: Fact Book on Manpower, Planning Dept., Govt. of Rajasthan.

It was further noted that on an average, 40 per cent of the students of all branches taken together take more time to complete the assigned courses than what is prescribed.

The problem is much more severe in the case of ITIs. Table 10 shows the wastage rate in respect of 19 promising trades out of the 24 trades in which training for skill upgradation of one-year duration is provided in ITIs.

It seems that almost 50 per cent of those who take admission in various courses do not complete the entire duration of the course. The above observation is reinforced by the declining trend of admissions in ITIs as observed in Section I. It is quite clear that there are some serious lacunae in the one-year skill upgradation programmes since the incidence of dropping out is so high.

The situation is no better in the Two-years training courses conducted by ITIs. Table 11 shows wastage rate among various two year courses.

**Table 11: Wastage rate in the Two-year training courses run by ITIs**

| Wastage range | Courses |
|---|---|
| Below 10 | Electronics |
| 20-30 | (1) Draftsman (Civil)<br>(2) Instrument Mechanism<br>(3) Refrigeration and Air Conditioning<br>(4) Surveyor (5) Watch and Clock Making |
| 31-40 | (1) Draftsman (Mechanical)<br>(2) Electrician |
| 41-50 | (1) Fitter (2) Turner<br>(3) Mechanist (4) Radio and TV Mechanic |
| 51-60 | (1) Wireman (2) Farm mechanic<br>(3) motor mechanic<br>(4) Pattern maker |

Source: Fact Book on Manpower, Planning Department, Govt. of Rajasthan.

As in the case of one-year programme, in Two-year programme also, the wastage rate even in the promising trades is as high as 50 per cent or more.

The objective of establishing ITIs was mainly to enlarge the scope for employment for those who seek employment after completing school education, and for those who drop out from the schools, by imparting useful skills. While the case for establishing institutions like ITIs is unassailable, no attempt seems to have been made to examine the extent to which the training imparted by these institutions is marketable. In the absence of assured marketability, naturally, the institutions fail to retain the trainees for the length of the prescribed period.

There are many courses which hardly attract applicants for admission. These include (1) Preservation of Food and Vegetables (2) Plastic Processing (3) Building Construction (4) Weaving of Fancy Fabrics (5) Furnishing and Fabrics (6) Book-binding (7) Hand Compositing (8) Surveying etc. Response to these courses is too meagre to justify their continuation. And, for the rest of the trades, as was noted earlier the number responding is almost half of the intake capacity. These observations cast serious doubt on the cost effectiveness of the training imparted by ITIs, as well as on the quality of the training, its practical relevance, and marketability.

Discussion with the owners of Electronics companies, revealed that those who are trained at ITIs or Polytechnics have to be given further intensive training by the management of factories who recruit them. It becomes essential in order to enable them to perform their

jobs efficiently. One of the enlightened employer suggested that special attention should be paid by ITIs and Polytechnics to thoroughly acquaint the students in certain fundamentals, irrespective of their specialisation. The duration of the course, is another aspect which according to some employers, needs to be reviewed. Many of them have expressed reservations about continuance of the prevailing, rather long, duration for different courses. According to them, such a long duration training is not required. Instead, the training may be organised in aspects and problems which the trainees is likely to face once he or she is employed.

Restructuring of the course content and pedagogy of training in ITIs and Polytechnics is unavoidable if technical or vocational education is intended to be employment-oriented in the true sense. The above discussion suggests the following:

(1) The quality of training and the course content should be periodically reviewed, redesigned and updated keeping in view the changing requirements of the market;

(2) Priority should be accorded to those courses which are likely to meet the emerging demand;

(3) There should not be any hesitation in incorporating new courses, and replacing the courses for which sufficient demand is not there; and

(4) A mechanism should be devised to assist the trainees who complete the courses in these institutions to gain access to the job market.

Apart from the technical training institutions discussed above, there are a few other institutions imparting training with the objective of skill upgradation. However, their performance is no better. This can be illustrated by the training centres for hand-knotted carpet weaving. As many as 34 training centres are located in the state for imparting training in carpet weaving to children who come from poor families. However, a recent study (Ray 1997) shows that the drop out rate in these centers is as high as 50 per cent. The study further reveals that those who complete their training are not assured of employment. It results in accumulation of social cost for which returns in terms of productive utilisation of the skill, are not forthcoming. The linkage between market demand and the up-graded skill is missing. Skill is upgraded to produce certain designs that have hardly any demand in the market. What is true for Carpet Training Institutes is true for several similar institutions engaged in imparting skills for designing and quality improvement. Design is an important component of market development. Hence, the approach towards design development in respect of all crafts should cater to, or influence, market demand.

In the social sector, i.e, in the area of health, training centres for skill upgradation in different specialisations are available in the state. These include training for (1) Auxiliary Nurse Mid-wives (ANMs) (2) Lady Health Visitiors (3) Laboratory Technicians. Training is also available for General Nursing and Radiography. The response to all these training

schemes appears to be good. However, one does not know the extent to which the trained workforce in these areas are successful in the job market. In view of better response to these specialisations mainly because of the growth of private clinics, it is desirable to expand the opportunities for workforce development in the health sector. It is all the more important as more para health workers will be needed in the coming years.

Other social sector, i.e. education, also offers similar opportunities, especially in view of the herculean task of eradicating illiteracy in the state. But in this, as in other areas of skill upgradation, increasing number of new institutions is not an answer. Introduction of innovative and cost effective methods in these institutions is more important for developing the workforce which can be assured of gainful employment.

## V
## Role of Different Stakeholders

It is now widely recognised that the availability of trained workforce encourages greater investment and leads to a spurt in economic activities in agriculture, industry and the tertiary sectors. A viable approach to workforce development would explicitly recognise the interconnectedness between potential supply and demand. In other words, the intervention should aim at simultaneously impacting the interactive processes of the two sides of the labour market. The potential demand for workforce which is likely to be generated in different lines of activities in the coming few years are broadly indicated in this exercise. What, perhaps, is needed is a more careful estimation of the types of skills needed, and facilities to be created to ensure the availability of such skills in the market place. This task can be attempted by a high level body comprising the concerned government agencies, the private industrial associations, academic institutions (especially in science and technology) and, non-governmental organisations. This body should be supported by specialists in manpower development. At the operational level, it will be more effective if the coordination among these various sections is established at the district level. The state level committees are generally constituted by high level representatives, who do not have time to deliberate and act in a comprehensive manner.

The state government has spelt out its commitment to skill upgradation in its Industrial Policy Document, 1994. The role of human resources in the overall development of society is duly acknowledged. The need for intervention for skill upgradation is emphasised in the Approach Paper prepared for the 9th Plan. However, what is now required is a clear strategy and time bound agenda of action for workforce development in the state.

A well orchestered action agenda, sector and sub-sectorwise, will give a sense of direction to the efforts in developing an appropriate workforce. Such exercise will have to accord high priority to Vocational/Technical education especially for high school graduates and the drop-outs. Large scale expansion of training institutions in quantitative terms and more importantly their qualitative improvement would be needed with the explicit objective of

establishing linkages between education, employment and development.

The government being a major stakeholder in this endeveour, will have to act mainly as facilitator, but also as implementor in critical areas. To begin with, it is necessary to restructure the technical/vocational institutions, which at present are mostly run by the state, in the light of the emerging needs. Following areas need particular attention (1) Re-designing course content as per market requirements, (2) Reducing the period of training, especially for the courses where duration is longer than what is required (3) Abolishing courses which have outlived their utility, and substituting them with courses which are in demand; and, (4) Developing close contacts between the training institutions and private entrepreneurs. This would be necessary not only to improve the quality of the workforce and expand the scope of relevant training, but also to facilitate easy access to the job markets by the graduates of the training institutions.

The industrial entrepreneurs - large, medium or small - and their associations have an important role to play in this regard. The government should take them into confidence and seek their collaboration for developing the training infrastructure, improving the course content, and facilitating the absorption of the trained workforce (Vyas Committee, 1991). Since a large number of activities fall under the small and village industries segment which is constrained from growing, as noted elsewhere, due to the lack of appropriately skilled workforce, the Rural Non-Farm Development Agency (RUDA) and the Khadi and Village Industries Board (KVIB) of the state have a significant role to play. These agencies should invite private entrepreneurs and their associations while formulating and implementing various schemes for skill upgradation. These agencies should take initiatives for setting up a low cost management Institute for developing entrepreneurship and improving skills in production and marketing management in collaboration with the private sector. In this endeavour they may also collaborate with reputed training institutions with a good track record. It is understood that the government has already initiated a move to establish a Design Institute. The Institute should also give special attention to the improvement of the products of small and household industries.

The significant role NGOs could play in this area can not be underestimated. NGOs have greater exposure to local conditions and better knowledge about the available skills and resources. They also have access to the outside world which the people living in rural areas, by and large, lack. They can significantly contribute to workforce development especially in agriculture and small and rural industries sectors. They can also provide a pool of village level managers. More importantly, they can spearhead the movement to upgrade skills of the numerous agricultural workers, artisans and handicraft people who would not have opportunity to get training in the formal training institutions.

# VI
# SCOPE FOR DONORS' SUPPORT

In the light of the discussions above, certain areas can be identified where donor's efforts will be helpful in view of the large investment requirements on the one hand, and the state government's constrained financial capacity on the other. External support in the following areas will be necessary to upgrade the skills of the workforce in Rajasthan.

1. One area for enhancing the skill base on a priority basis is the development of the workforce in potentially high growth sectors. There is a scope for starting specialized institutions for these sectors or significantly expanding the existing training facilities. These sectors include: (i) gems and jewellery, (ii) wool-based industries, (iii) leather based industries, (iv) mineral based industries, and (v) tourism.

2. It was shown in the earlier sections that ITIs and Polytechnics can serve as the hub of skill enhancement of the young semi-educated workforce. There is a large scope for investment in the expansion of these institutions in the state. As was pointed out, currently they absorb negligible proportion of the non-farm workforce which itself is growing at the rate of more than 2.5 percent per annum. Apart from expansion in numerical terms, there is a large scope for providing facilities in the non-conventional but growing areas such as computer, electronics, etc. Substantial investment is needed for improvement in the quality of these facilities.

3. As was mentioned in the text, the Government of Rajasthan has taken some exemplary steps in providing basic services in the health, education and related fields in the form of para-medics, '*shiksha karmi*', etc. These initiatives have to be scaled up significantly. For, the basic requirements of the people of Rajasthan in these vital areas of human resource development cannot be met to any significant extent by the formally trained functionaries. There is a need for expanding training facilities for such "barefoot functionaries" at the state level. Such initiative in upgrading the skill base in the areas of health and education will have a large pay off.

4. It was pointed out that there is a large proportion of students in the state who are drop outs at the primary level itself. There are many more who do not enter education stream at all. A large majority of them are condemned to be unskilled child labour. There is a general consensus in the country, and the state, that it is criminal to deprive the children the benefits of regular education and opportunities for further growth. At the same time, there is appreciation that the families of the children cannot forgo even the meagre income which the children bring to the households. There are several efforts in this country, and in other countries, to evolve a system which can provide education to the children together with some earnings. The problem of child labour in Rajasthan is as severe as in other parts of

the country, particularly in the urban areas. Therefore, the resources should be mobilized and proper institutional arrangement should be made to wean away such children from sweat labour, beggary and other unproductive occupations, and give them opportunity for useful education and healthy living. This can be achieved through setting up production-cum-training centers. This initiative can be taken up on a large scale with appropriate support from the external donors.

5. It was also mentioned that new opportunities for socio-economic development have been opened with the introduction of Panchayati Raj Institutions in the rural areas. These institutions can be of help to the rural population if they are managed by competent and skilled managers. Besides, NGO sector in Rajasthan is also making rapid strides. The need for trained manpower for this sector is equally important. What this implies, therefore, is the low cost training facilities for rural management. There is a scope for establishing three to four low cost management institutions in different regions of the state.

6. Another area where the external donor can be of great help is by their sharing experiences in skill enhancement in different sectors. There are successful examples of significant improvement in various sectors and activities by well designed and systematic efforts. The people who have taken the responsibility to improve the skill of the workforce, be they in public, private or NGO sector, will benefit by acquainting themselves with the design and implementation strategies of such successful initiatives in different countries.

## VII
## Further comments

*Editor's note: The author submitted these comments in response to questions as to (1) whether the emphasis in workforce development should shift from central planning to demand driven planning and, if so (2) what role a planner should assign to the private sector, public sector and NGOs.*

**Demand Driven Planning**

As argued above, it is necessary to plan for workforce development in the state in response to the demand driven forces. However, where do appropriate initiatives come from? No doubt the private sector has a major role to play, buth the facilitating role of the government is critical.

In Rajasthan and other parts of the country, the initiative for workforce development from the private sector is limited especially at the lower level. The major initiatives, however inadequate and weak, are taken by the government and are, by and large, supply side oriented. The compelling proposition, therefore, is to invite private sector as a partner of the public sector while planning for workforce development. A partnership form of

initiative in a situation where demand driven planning is drawn may yield far reaching consequences in respect of the activities in which private capital on its own is shy of being invested in developing workforce.

The poor response of the private sector, however, should not lead one to underestimate its potential. The phenomenal growth of workforce the state has experienced in the recent past in areas like computer science in response to increasing demand exemplifies its inherent strength. It also indicates that if planning for workforce development is demand driven, outcome will be not only positive but also cost effective. The public sector may provide initial leadership, if necessary, in the partnership framework. Apart from private enterprises, trade and industrial associations may join in this endeavour and finally take full responsibility to carry it forward.

**Informal Sector**

The tradition of skill formation and its easy transfer continue to ensure the survival of the informal sector. Apart from traditional skill which is passed on to others informally including the family members, non-traditional skills in servicing, repairing and small manufacturing are also passed on to a large number of people while they are on job. A number of examples can be cited to show how skill acquisition like the one explained above takes place outside the formal system of education. Such an informal system is found to exist, by and large, in the small scale private sector which continues to remain unorganised. However, the basic problem of this system is its inability to respond to changing demand for workforce required when new technology, market and products are introduced. As has been indicated in the paper, a large number of new product lines associated with new technologies are likely to come up in the state during the 9th Five Year Plan. In view of this, an organised effort may be needed to develop workforce to respond to the new requirements instead of depending upon the informal sector to do so.

In this context a new form of partnership between government and NGOs for developing workforce may be built up. Initiative has already been taken by the government in this direction to promote skilled workers required in the processing activities such as wool, mineral and leather. These are all local resource based industries which continue to be major sources of employment and income of a large number of workers living in the rural areas. The following brief case study illustrates how such partnership form of initiative could work in practice. It may give some future directions to plan for workforce development in other sectors.

**Case Study**

RUDA (Rural Non-Farm Development Agency), Department of Industries, Govt. of Rajasthan, has recently embarked on developing skilled workforce for carpet manufacturing in the state in collaboration with the private sector. Initially, it struck an arrangement with a private carpet exporter for imparting training in rural areas. However, such arrangement at the individual level failed to yield desirable result. RUDA then shifted its focus from individual exporter to exporters' association to take initiative jointly.

Rajasthan Carpet And Woollen Products Development Society was set up recently at

Jaipur by the carpet manufacturers-cum- exporters. It is registered under Societies Act and engaged in manufacturing different types of woollen products. After having learnt about workforce development programme for carpet manufacturing initiated by RUDA, they approached the latter for conducting training on handknotted and handtufted carpet manufacturing in the rural areas.

RUDA agreed with their proposal on the condition that the association would bear 20 per cent of the total expenses while the rest would be borne by RUDA. Each member of the organisation was informed by the secretary that those who were capable of depositing 20 per cent of the expenses to be incurred, they might do so before the programme was grounded. Accordingly, members who deposited the said amount were shortlisted by the secretary of the association. It was followed by final selection which was made in consultation with RUDA. Deposits of those who were not selected finally were returned.

Training was conducted in four districts. 25 trainees in each batch for 5 batches were imparted training in these districts. In the beginning, trainees were paid Rs. 700/- each per month as stipend. However, the amount is now reduced to Rs. 500 each. The duration of training is 6 months for hand knotted carpet and 2 months for hand tufted carpet.

Initially RUDA was bearing the entire cost of raw material. However, they are now covering only 20 per cent of the cost that arise out of wastage of raw materials during the period of training. Both RUDA and the respective members of the association who are organising such training programmes in different places, have agreed informally to distribute some part of the revenue to the trainees earned through the sale of carpets.

In so far as employment of the trainees is concerned, organisers of the training who are also manufacturers-cum- exporters are expected to provide job to them consecutively for three years. However, in the meanwhile, if the trained workers are able to organise themselves and begin to manufacture carpet on their own, they can do so.

**Dropout**

Central planning may not be the only answer for curbing incidence of drop out in the state. This has been realised in many quarters and, subsequently, steps have been taken outside central planning. Here, again, a partnership form of initiative between the government and NGOs is tried and seem to have been working well while providing primary education especially to the children who come from the vulnerable sections of the society. It is expected that, as a consequence of such initiative, incidence of drop out will be controlled effectively.

Two notable projects which are presently under implementation in the partnership framework are worth mention. These include `Lok Jumbish' and 'Shiksha Karmi' projects. They are implemented by NGOs in collaboration with the government. The principal objective of these projects is to provide primary education to the children who fail to continue their studies in the formal system or gain access to it. Besides these projects, there are many other NGOs who appear to have been engaged in providing primary

education in the state while remaining outside central planning.

The incidence of drop out is a larger social issue that should be addressed in a broader socio-eonomic context in order to bring about an absolute reversal of the trend. However, need of the hour is to strengthen the initiative taken outside central planning for minimizing drop out rates. This is achievable in a partnership framework.

**Micro enterprises and Micro finance**

In an economy like India's the major challenge is how to ensure employment and income generation round the year especially for the extremely low income group. Besides low productivity which is constrained to improve due to lack of requisite skill, infrastructure and institutional linkages, lack of proper market integration achievable through inducting different competing product lines limits the choice of this group of population. Resultantly, their income levels never improve. While absorption capacity of agriculture is limited, attempt is consistently being made by central planning to ensure improvement of the levels of employment and earnings in agriculture related activities and micro enterprises.

Various employment and income generation programmes are under implementation launched by the state and the central governments. Despite such development efforts, the economy is yet to achieve a breakthrough to a conceivable extent in this regard. Experiences suggest that if planning for improving income levels is linked to demand driven forces, objective of any such intervention might be realised to a greater extent.

It is in this context that one pays considerable attention in the growth of micro enterprises in the state. The development potential of these enterprises, which is yet to be harnessed for employment and income generation on a sustainable basis, is hardly questionable. However, lack of requisite skills, proper market integration and capital are found to be some of the major bottlenecks coming on the way for fuller utilisation of such potential.

Lack of capital especially working capital continues to be a key constraint to the stability and expansion of the micro enterprises. Several programmes are designed to provide access to short term institutional credit to these enterprises. However, no significant achievement can be claimed to have been made. Collateral security, dispersed location, lack of information bureaucratic husstles and higher transaction cost are some major constraints that reduce their chances to gain easy access to institutional credit. Institutional credit should substitute non-institutional credit which seldom helps the micro-enterprises to expand beyond their survival.

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# Annex

**Estimated Labour Force Based on Usual Status Participation Rate (As per 43rd Round of NSS)**

(00)

| Age Group Years | Urban Male | Urban Female | Rural Male | Rural Female | Total (col. 2 to 5) |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| **As on Ist March, 1997** | | | | | |
| 5-9 | 63 | 108 | 10 | 99 | 280 |
| 10-14 | 4873 | 7298 | 677 | 711 | 13559 |
| 15-29 | 40510 | 28443 | 13211 | 2859 | 85023 |
| 30-44 | 31805 | 21919 | 11366 | 3231 | 68321 |
| 45-59 | 20621 | 11881 | 5843 | 1488 | 39833 |
| 60+ | 6501 | 2722 | 1703 | 368 | 11294 |
| Total : | 104373 | 72371 | 32810 | 8756 | 218310 |

***Editors note: Total in column six is 21,831,000***

| Age Group Years | Urban Male | Urban Female | Rural Male | Rural Female | Total (col. 7 to 10) | Addition to Labour force during 1997-02 (col.11-col.6) |
|---|---|---|---|---|---|---|
| 1 | 7 | 8 | 9 | 10 | 11 | 12 |
| **As on Ist March, 2002** | | | | | | |
| 5-9 | 70 | 120 | 11 | 116 | 317 | 37 |
| 10-14 | 5399 | 8080 | 796 | 839 | 15114 | 1555 |
| 15-29 | 44880 | 31494 | 15542 | 3372 | 95288 | 10265 |
| 30-44 | 35236 | 24270 | 13372 | 3811 | 76689 | 8368 |
| 45-59 | 22844 | 13156 | 6874 | 1756 | 44630 | 4797 |
| 60+ | 7201 | 3014 | 2004 | 434 | 12653 | 1359 |
| Total : | 115630 | 80134 | 38599 | 10328 | 244691 | 26381 |

**Estimated Unemployed[90] Persons (Backlog) based on Usual Status Participation Rate (As per 43rd Round of NSS)**

(00)

| Age Group Years | Urban Male | Urban Female | Rural Male | Rural Female | Total |
|---|---|---|---|---|---|
| **As on Ist March, 1997** | | | | | |
| 5-9 | - | - | - | - | - |
| 10-14 | 27 | 183 | 76 | - | 286 |
| 15-29 | 2174 | 468 | 1286 | 92 | 4020 |
| 30-44 | 516 | 541 | 65 | 50 | 1172 |
| 45-59 | 169 | 167 | 38 | - | 374 |
| 60+ | 5 | - | - | - | 5 |
| Total : | 2891 | 1359 | 1465 | 142 | 5857 |

***Editors note: Total in the final column is 585,700***

Source : Planning department, Govt, of Rajasthan, Jaipur.

[90] `Unemployed' as defined by NSSO is "the magnitude of persons unemployed for a relatively longer period during a reference of 365 days and approximates to an indicator relating to the chronically unemployed. Some of the `unemployed' obtained on the basis of this time criterion, might be working in a subsidiary capacity. Two estimates of usually unemployed, therefore, are presented - usually unemployed in the principal status (P.S.) and usually unemployed excluding the subsidiary status workers( U.S. Adjusted)". Source : NSS 43rd round (July 87-88) September, 1990. This definition does not account for "underemployed" or the "Informal sector".

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