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Project Document
(January 2009 – December 2012)

SkillMark

Swisscontact – Bangladesh
List of Abbreviations

BBS  Bangladesh Bureau of Statistics
BDT  Bangladeshi Taka
BITAC  Bangladesh Industrial Technical Assistance Center
BMET  Bureau of Manpower Employment & Training
BMOs  Business Member Organizations
BPC  Business Promotion Council
BTEB  Bangladesh Technical Education Board
BUET  Bangladesh University of Engineering and Technology
CHF  Swiss Franc
CNCTTC  Computer Numerical Control Technology Training Center
CSDC  Chittagong Skills Development Center
DFID  Department for International Development
DP  Development Partner
DTE  Directorate of Technical Education
ESRB  Environmentally and Socially Responsible Business
GO  Government Organization
IOM  International Organization for Migration
LFS  Labor Force Survey
MAWTS  Mirpur Agricultural Workshop and Training School
MDG  Millennium Development Goal
MoLE  Ministry of Labor & Employment
MEWOE  Ministry of Expatriates Welfare and Overseas Employment
MOV  Means of Verification
NGO  Non-Government Organization
NPA  National Plan of Action
OVI  Objectively Verifiable Indicator
PRSP  Poverty Reduction Strategy Paper
SDC  Swiss Agency for Development and Cooperation
SME  Small and Medium Enterprise
SSC  Secondary School Certificate
TT  Teaching and Training
Tk  Taka
TC  Training Center
T & R  Training and Rehabilitation
TVET  Technical Vocational Education and Training
UCEP  Underprivileged Children’s Educational Programs
USD  United States Dollar
Voc  Vocational
YPO  Yearly Plan of Operation
Executive Summary

SkillMark is a market led skills development project funded and implemented by Swisscontact. The inception phase of the project was from January to June 2009, when it studied the existing skills development market to understand the scope and area of intervening and now in middle of the year 2009, it is ready to embark on the implementation phase which will last till December 2012. This project document highlights the approach and goal of the project, the foundation for the implementation phase and eventual vision of the project in terms of scaling up.

The youth labor population (aged between 18 and 35) in Bangladesh comprises more than half of the total labor force and half of these youth are unemployed. A little less than half the population of total labor force, i.e. 40% lack any form of education and have little or no skills. Moreover efficiency and effectiveness of the existing TVET system is relatively low, for instance in 2005-2006 only 0.13% of the total labor force had received technical or vocational education. This minimal turnout can be tracked back to various reasons starting from long expensive courses, to outdated curriculum which does not take the industries' needs into account, among others. The project believes that given this current situation of shortage in skilled labor force and inability of current TVET institutes in catering to this need, there is a dire need and possibility to strengthen the effectiveness and relevance of the TVET system in Bangladesh. By making the system more market responsive, i.e. developing skills that are in demand in the economy, the project wants to lay the building blocks for a skills development system that is self sustaining, and which can help in ensuring that the underemployed/unemployed youth get placed in better paid jobs, contributing to economic growth and poverty alleviation.

The target beneficiaries of the project are jobless or underemployed youth (of above 18 years of age) with little or no education or skills and the project plans to incorporate Gender and Environmentally responsible business (ERB) and Socially responsible business (SRB) practices in the market development approach.

The project LFA can be summarized as follows:

Project Goal: Competitiveness of selected economic sector is improved.

Key Objective: To facilitate better functioning market for skills development with a special emphasis on jobless men and women with little or no educational background.

- Output 1: Linkage among financial institutions, training providers and trainees facilitated
- Output 2: Linkage among employers, industries and training providers is facilitated.
- Output 3: Capacity of training providers targeting selected sectors of the economy enhanced.
- Output 4: Swisscontact’s approach to market-driven skills development and lessons learned communicated to key stakeholders (public bodies, private sector representatives, donors and their projects)
- Output 5: Project Management is established allowing project implementation.

The project will commence its activities in the implementation stage (July 2009 – December 2012) by partnering with training providers, industry associations etc. to strengthen their capacity and/or facilitate the establishment of market responsive vocational training centers. The project will support those existing training institutions which are running under capacity due to lack of updating and/or upgrading the training facilities as per the market needs. Establishment of new training center(s) will be considered for a prospective industry sector e.g. Light Engineering in which there is a skills shortage of qualified labor and huge unmet demand for them that needs to be fulfilled. Budget to carry out activities in the implementation phase will be worked out and placed with yearly business plans. A total budget of CHF 1.6 million is proposed for the 2009-2012 phase.
The implementation of the project will be initiated in the Dhaka region. The geographical area may be expanded to other districts in the scaling up phase in selected sectors that possess the need for skills development, including Readymade Garments, Textile and Spinning, Shipbuilding, Leather and Footwear, Automobile amongst other sectors which are mentioned in more detail in the annexure.

The project expects that more unemployed/underemployed youth from poor socio-economic backgrounds will receive better training due to project intervention. It predicts a 40% increase in the number of better skilled graduates from supported training providers and 25% increase in full time equivalent jobs among graduates from supported institutes. 40% of the target beneficiaries will be women to ensure a gender balance.

The project will be headed under the supervision of a Country Director (Expatriate), a Technical Expert (Expatriate) and supported by a small team comprising a Project Coordinator (Local), two Project Officers (Local), and support/administrative staff, as required (Please see the organogram in Annex Three).

The project eventually plans to use the learning and success from activities of the pilot phase and network with other development partners and donors to scale up and help in creating employment opportunities for a wider group of unemployed and under employed youth; and to convince industry actors (employers, trade bodies etc.) of the benefits of investing in skills development. The pilot phase of the project will be implemented from July 2009 to June 2011, and the project will be scaled up from July 2011 to December 2012 (Chapter Eight). The project will seek to leverage donor funds to scale up to include more sectors and generate more employment in the scale up phase.

1. Introduction

Swisscontact has planned to start a new market led skills development project (SkillMark) for the unemployed and underemployed youths in Bangladesh for which this project document is prepared (More information on Swisscontact’s work is provided in Annex Nine). This project envisages that unemployed and underemployed youth would be able to gain a foothold in the job market by acquiring enhanced skills and thereby getting a chance to better themselves economically.

The present project document is based on the recommendations and demand of different stakeholders i.e. employers, NGOs, training institutions, industries associations, expatriate consultant recommendation (see Annex Four), labor market study report (see Annex Five and Six) etc. SkillMark’s timeline is from January 2009 to December 2012. The total project comprises of a six months inception phase and 42 months implementation phase. Inception phase of the project has been completed in June 2009. The implementation phase has been started in July 2009 by consolidating the efforts/activities carried out in the inception phase and supporting the set up of demand driven skills development training institution(s), employment, advocacy and social mobilization of the target clients leading to industrial growth and poverty alleviation.

This project document is also accompanied by Annex 1 and 2 depicting the logical framework matrix, and the education structure and current vocational qualification framework of Bangladesh respectively; Annex 3 containing an action plan; Annex 4 outlining the proposed organogram;
Annex 5 and 6 mentioning the recommendations of consultant and the labor study respectively; Annex 7 and 8 containing two articles on the importance of skills development training in the country and the other on market driven model of vocational training respectively; Annex 9 detailing the budget for the project period; and Annex 10 explaining complete SkillMark’s activity cycle.

1.1 TVET, Government Priorities and MDG
Bangladesh is committed to achieve the Millennium Development Goals (MDGs) adopted in 2000. The Millennium Development Goals (MDGs) are eight goals to be achieved by 2015 that respond to the world’s main development challenges. It has recognized explicitly the interdependence between growth, poverty reduction and sustainable development. Of the eight MDGs, goal 1 focuses on eradication of extreme poverty and hunger which has been broken down into three quantifiable targets, of which one is to achieve employment for Women, Men and Young People, that is relevant also terms of SkillMark’s vision:

Goal 1: Eradicate extreme poverty and hunger
Target: Achieve Employment for Women, Men, and Young People

The thematic sectors of Poverty Reduction Strategy Paper (PRSP) of Bangladesh has been linked with different goals of MDGs. These sectors have given special emphasis on the need to focus on ‘education, including primary and mass education, female education, vocational and technical education’ as the prioritized areas. The issues of poverty reduction, empowerment and social development form the major thrust in the PRSP with emphasis on skills up-gradation of the labor force on the basis of demand oriented skills mapping.

However, Bangladesh is going to reintroduce the five-year development plan from the next fiscal year starting July 2010, which will replace the Poverty Reduction Strategy Papers (PRSP) and it will aim to meet basic needs of the nation. The critical concern of the five year plan would be to achieve higher growth and make the growth pro-poor. The market mechanism will be the driving force of the economic growth and market institutions would be strengthened to lead towards economic growth.

The National Plan of Action (NPA)\(^1\) 2003 emphasized that employment generation and expansion of employment market capable of using semi-skilled and skilled hands are essential if the economy is to improve and thus investment in education has to increase and be sustained as a measure of contribution to the betterment of life and living quality of people. Those who cannot go for secondary education and drop out of secondary cycle need to have access to flexible and market responsive skills development opportunities.

The present Government has given precise emphasis on expansion of technical education by allocating a fund of Taka 3220 million for the current fiscal year.

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\(^1\)The National Plan of Action (NPA II, 2003-2015) for EFA is a pro-poor plan and fits fully into the framework of the PRS document of GOB (*Unlocking the Potential: National Strategy for Accelerated Poverty Reduction, 2005*). PRS, 2005 is designed to achieve the Millennium Development Goals (MDGs) and identifies Quality Education (particularly in primary, secondary and vocational levels with strong emphasis on girls’ education) as one of its 8-point strategic agenda. It emphasizes the critical importance of education and learning for empowering people with knowledge and skills as key elements of human development and poverty reduction. Commensurate with PRS framework and EFA priorities, National Plan of Action (NPA II, 2003-2015) gives pre-eminence to improving the quality of education, gender equity for both girls and boys, making education accessible, inclusive and provided for all. NPA II has set targets on enrolment, dropout, completion, and literacy rate for achievement of EFA goals by 2015. It proposes programmes for specific groups covering pre-school, and school age children, adolescents, young adults, adults, literacy and NFE leading to lifelong learning. It emphasizes the high value of livelihood skills as part of literacy and NFE to make the learning meaningful and ensure learners have access to wage or self-employment and micro-finance as needed to improve the quality of their lives.
Thus in view of the MDGs, PRSP, NPA the top priorities of the Government of Bangladesh is to eradicate poverty through economic growth and generation of adequate employment. Economic growth could be ensured through sustained industrial growth. Development of industrial competitiveness and workmanships are the key to industrial growth and development for which supply of manpower with appropriate skills is strongly needed.

1.2 The position of the project
SkillMark wants to bring about a sustainable change in the economy by improving the mechanism of skills development system as well as ensuring that a significant segment of the unemployed and underemployed youths who get the training can find jobs which recognize and reward for these skills. The project aims to facilitate the formation of a market driven technical and vocational education and training system and bring it to the reach of poor unemployed youth of Bangladesh. The goals and approaches of this project are embedded in the current project document. It envisages practical approaches to the problem of unemployment/underemployment and skills development that include:

- Development of market-led skills development institution(s) for unemployed/underemployed youths of appropriate ages who form the underused labor (working less than they are capable of) or misused labor (working in jobs that do not reflect on their skills) in the market
- Sensitizing employers and other actors in the labor market on 'paying for skills', and development of self-sustained skills development centers for promoting industrial workmanship and growth
- Promotion and facilitation of linkage between different stakeholders in the labor market to accelerate skills development and ensure gainful employment of the unemployed youth
- Promotion and facilitation of various institutions/projects which would help migrant labors to become more competitive in the overseas job markets especially to ensure that they do not get affected by the effects of recession
- Attracting likely development partners and donors to invest in market driven short training courses for the unemployed youths which will lead to gainful employment.

The main impacts that are expected as a result of the intervention approaches are given below:

- Increase in the number of better quality of skilled workers in employment combined with the improved capacity of providers
- Increased responsiveness of skill training/TVET institutes to labor market needs
- Increased willingness of employers to invest in training and improved cooperation between industries and training institutions leading to improved productivity in the private sector
- Increased employment and income generation opportunities for the unemployed and underemployed youths contributing to poverty alleviation
- Economic growth through boost in technical innovations (as workers become skilled to operate heavy duty machineries and operations) and improved industrial workmanship
- Increased opportunities for migrant labor as they become more competitive after getting better skills.
- Making skills development institutions market driven and agents of positive change in the labor market.

The project aims to equip jobless youth with no or little educational backgrounds with skills and to place them in gainful employment. The availability of added skilled workers in the labor market will lead to accelerated economic growth and to a reduced poverty situation in the target area.

This project document mentions five outputs covering capacity building of skills development institutions, facilitation of linkage between training institutes and employees with financial
institutions, facilitation of linkage between employers and industries with training providers, sharing the lessons learnt from the development of a market driven skills development system with other stakeholders and Swisscontact’s own institutional strengthening. A number of activities are incorporated under each output as discussed further in Chapter Four.

Annual work plans for each year detailing the activities and sub-activities to be carried out within a specified time frame will be prepared by Swisscontact after the project document is approved.

2. Background Information and Context

2.1 Labor Market Scenario in Bangladesh
Bangladesh is one of the most densely populated countries with an estimated population of just under 160 million as of 2008. A labor force survey conducted by the Bangladesh Bureau of Statistics (BBS) in 2006 revealed that about 40% of the working age population had no schooling in the year 2006 and another 24% studied only up to Grade V. Along with better access to education, this shows the urgent need to give due importance to providing technical and vocational training for the labor force to increase their productivity and ensure wider diffusion of better technologies. Of the total population, total labor force of the ages 15 years and above stands at 49.5 million in 2006 with an average of nearly 1.5 million new entrants per year. Unemployed labor force in the country was estimated to be about 2.1 million in 2006 according to the survey.

Another study conducted by the Directorate of Youth Development in 2007 revealed that the youth population (of ages between 18 and 35 years) in the country comprised 60% of the total labor force. About half of this youth are illiterate, two-thirds live in rural areas and one third is unemployed, with half of them being male and half female. Thus the bulk of the country’s unemployed labor is the youth.

The youth’s disadvantageous situation is further reflected in the BBS labor study of 2006. This shows that while the overall unemployment rate of the labor force was 4.2%, unemployment rate for the youth (defined as those in the 15 to 29 age group) was higher at 7.3%.

Apart from high unemployment rate prevailing among the youth labor force, the rate of underemployment among the youth and educated labor force especially among those with secondary or post-secondary and higher education are much higher. In the Policy Analysis Unit Paper by Bangladesh Bank titled ‘Recent Employment Situation and Labor Market Development in Bangladesh’ the underemployment rate was estimated to be high at 24.5 percent (10.9 percent for males and 68.3 percent for females) in 2006.

In contrast, total domestic employment was 47.4 million in 2006 with an average growth rate of 3.6% (1.4 million) per year. This indicated an average of 1.4 million jobs created locally per year. A total of about 258,000 Bangladeshi nationals got overseas jobs per year during the period 1995-2005. The skills’ categories of the overseas workers were 48% unskilled, 15% semi-skilled, 33% skilled and only 4% professional. Even with this high distribution of unskilled and semi-skilled labor migrants, remittance from the migrant workers accounts as the second largest foreign exchange earner of the country, highlighting the potential to increase the earnings. However, this sector has been experiencing set back due to the recession in the world economy. With competition from other countries like India, Pakistan, Indonesia, Vietnam and Philippines, there has been a fall in the average pay per worker as well as high job cuts. Continuous skills up-gradation is the key to sustaining and remaining competitive in the overseas employment market.
About 40% of the labor force has no education and little or no skills. The few who finish higher level of education do not possess the skills as required by the employers. Therefore, providing access to skills development as well as high quality skills development service that are demanded by employers for the youth having little or no education, and those completing certificate, diploma or degree courses under the current education system has a potential in context of Bangladesh.

### 2.2 Education Structure of Bangladesh

The present education system of Bangladesh is broadly split into three major steps in time: primary, secondary and tertiary education. Primary level institutions impart education up to grade five, junior secondary/secondary and higher secondary level institutions impart secondary educations from grade six to eight and grade nine to twelve respectively. College Diplomas, Degree pass (Bachelors), degree honors (Honors Bachelors), Masters and other higher-level institutions or equivalent section of other related institutions impart tertiary education. The post-primary stream of education is further classified into four types in terms of curriculum: general education, madrasah education, technical-vocational education and professional education. At either grade eight or ten, students can choose to go into vocational streams, or can stay on and complete the general education system (Details of education structure and current vocational qualification framework of Bangladesh are provided in Annex Two).

### 2.3 Technical and Vocational Education and Training (TVET) System and Its Contribution to the Labor Force in Bangladesh

For students whose interest is not academic and they want to specialize in more specific technical fields, they may find technical-vocational programs more useful and valuable for their future. The TVET system in Bangladesh can be categorized into four main groups:

- **Public TVET**
- **Private TVET (commercial)**
- **TVET managed by NGOs**
- **TVET managed by industries/associations**

There are about 300 Government and 2700 Private (including NGOs) Technical-Vocational Training Institutes in Bangladesh enrolling about 250,000 students per year. The primary responsibility for overseeing the overall technical and vocational system rests with two agencies - the Directorate of Technical Education (DTE) and the Bangladesh Technical Education Board (BTEB).

This TVET system in Bangladesh is relatively small in scope. After two years of junior secondary (grade six and seven), students can choose to go into vocational streams. The choice of moving to the vocational stream is voluntary. TVET is chosen by few students. Out of about 8 million students enrolled in secondary schools, less than 250,000 are enrolled in vocational education (3%). The Government’s stated policy goal is that by 2021, 20% of all secondary students should opt for vocational education.

The existing TVET system provides limited opportunities to the poor and marginalized. Its main clientele are young adolescent males (the share of female is only 26%) who survived grade eight, can afford to stay more years in school, and have strong white-collar job aspirations. The minimum entry requirement of completion of grade eight education is a barrier to the formal TVET system that automatically excludes the greater majority who do not complete schooling up to that level.

Currently, the domestic employment market comprises of a formal sector which absorbs about 20% of total employment and an informal sector which absorbs the other 80%. An emerging market is overseas employment market which absorbs an average of 258,000 Bangladeshi workers per year. In all these markets, the TVET system has a big role to play as a supplier of market
based trained human resources. However, the capacity of the existing formal TVET system to meet the needs of the market is limited.

According to the BBS labor force survey of 2005-2006 only 64,000 workers (51,000 male and 13,000 female) in the labor force (aged fifteen and over), i.e. 0.13% of the total labor force of 49.5 million have technical/vocational education. So it appears that the TVET system has hardly been a significant player in supplying human resources for the economy. Considering that industries have managed quite well without formal and non-formal TVET suggests that they have been largely dependent on on-the-job training of their employees themselves. However, it is generally accepted that industrial productivity could increase significantly if they are supplied with workers possessing good basic skills upon entry. Some industrialists estimated that the cost of training by themselves of unskilled workers accounts for 10-12% of their production cost.

Formal TVET system focuses on long courses such as the SSC (Vocational) and HSC (Vocational). Due to its long course duration, formal TVET stream has been considered to be an expensive route of accessing further education. The system could maximize its output by utilizing its slack capacity for more employment-oriented short courses and also providing opportunities for older students. Also the Bangladesh Technical Education Board (BTEB) contributes to the low output by not offering formal recognition to successful NGO and industry delivered programs such as those offered by MAWTS, CARRITAS, UCEP, NGOs and the construction industry. UCEP alone claims a capacity of approximately 27% of the formal system.

The low employment rate continues in general, because there is an inherent problem of lack of linkage of the TVET system with the employment market. The identification of courses is not based on regular and systematic assessment of market needs but rather more in response to social demand. Employers have no inputs in setting competency standards that the courses should aim for as well as in determining the contents of the curriculum. The lack of linkage with industry also denies the students the opportunity to be exposed to the real world through industrial placement/internship, a crucial component of an effective TVET program. On the other hand, there are models of effective TVET training programs provided by outstanding NGOs such as UCEP and MAWTS and the industry-managed CSDC. The high employment rate of their graduates in both the short and long courses clearly demonstrates the importance of strong linkage with industries which is one of their main strengths. Their capacity to scale up operation further is constrained by limited resources. But the model is there for others to study and replicate. And they can also provide invaluable inputs if they are engaged in the process of reforming the TVET system.

### 2.4 Sustainability Mix

In a study titled ‘Context Analysis/Stock Taking on Skill Development,’ October 2006, Zia-Us-Sabur mentioned three essential ingredients for a sustainable skills development intervention in the face of rising unemployment. These elements are:

- **Adequately empowered communities:** Without empowered communities, skills development initiatives are simply not sustainable;
- **Creating linkages with national and global markets:** Communities cannot remain tied down to their localities. They must gradually become part of national and global markets.
- **Empowering women:** Without making women involved in the entire cycle of marketing, their economic and social empowerment will remain incomplete.

### 2.5 Market and Skills Development

There exists a weak and almost non existent relationship between the jobs market and the skills development initiatives in context of Bangladesh. Development initiatives by the public and NGO sectors are largely premised on welfare. Skills development initiatives are often devoid of market
assessments and skills development is seen to be an end in itself. The essential gap between the development of required skills (supply) and the need for it in the market by the employers (demand) is not often assessed with enough scrutiny. Whatever skills are acquired, the poor do not receive placement support for successful employment as the market actors (employers) are not involved in the skills development process. On the other hand, there is also inadequate support for entrepreneurship skills, leading to meaningful self-employment. All these shortfalls are due to the lack of understanding of market, and the interplay of market forces.

2.6 Swisscontact’s Project for Skills Development
As the country steps to the 21st century, it aims towards accelerated economic growth, human resource development and self-reliance. Central to all the efforts to reach those targets will be poverty alleviation, rural development, involvement of women in all national activities and creating a well-educated healthy nation to be able to face up to the challenges of a fast moving technologically advanced global society. In view of the huge demand for development of the human resources (through providing adequate training) and the limitations of the existing TVET system, Swisscontact-Bangladesh has started SkillMark, which is a market driven skills development project, targeting the poverty-stricken unemployed and/or underemployed youth in Bangladesh. This project will aim to link industries with training institutions in order to fulfil the needs of newly emerging and/or expanding industries in Bangladesh and make this training market work in favour of unemployed youth. The project will be implemented in close collaboration with industries/associations, training institutions and other organizations supporting technical and vocational education training (TVET) and similar kinds of projects. It aims to equip jobless youth with no or little educational backgrounds with skills and to place them in jobs which recognize and reward the skills appropriately. The availability of more skilled workers in the labour market will lead to accelerated economic growth and to a reduced poverty situation in the target areas.
3. Project Beneficiaries and Clients

The target group of Swisscontact’s project comprises of jobless or underemployed young people (above 18 due to labor regulations) with various (little or no) educational backgrounds and little perspectives for their future. The project focuses on youth from disadvantaged social backgrounds. The minimum requirements for the target group are employability, possibility to sustain/support themselves during the training and the ability contribute towards training cost (even minimally or in-kind).

The project is designed to allow the unemployed/underemployed youths to get access to a system of skills development, encourage them by convincing them of the benefits of skill development and subsequently lead to gainful employment. This will transform the unproductive/less productive youth population into productive human resources for the industries. The project will be industry responsive and driven by the needs and aspirations of the employers concerning the quality of the outputs from the training institutions. The unemployed/underemployed youths thus gaining appropriate skills competency as per industries' needs will find jobs in the industries comfortably. Industries will have better options for providing jobs for the trained graduates instead of deploying them on the job or by hiring them as apprentice workers in their factories/industries. This will increase industrial productivity leading to industrial growth. Gainful employment of unemployed/underemployed youths will result in a rise in the level of their income which will ultimately lead towards poverty alleviation.

Over the years there have been some actors (GOs & NGOs) that have worked for the same target group (unemployed/underemployed youth). However, there is still a large potential for Swisscontact to work for this target group, as there is an enormous incidence of jobless or underemployed youngsters in the economy and the fact that very few of these GOs or NGOs provide market driven vocational training leading to gainful employment in the job market.

The project will pilot with a few vocational training centers in a few selected sectors to offer market led short training courses to the jobless or unemployed/underemployed youths of various categories e.g. school dropouts, graduates of primary schools, SSC/HSC graduates, diploma engineers etc. from the formal system of education who have no second chance of education and/or are forced to work as under-used or mis-used labor. It will enroll such youngsters either directly from the different areas or through effective networking and linkage with different stakeholders.

During piloting phase the project is aiming to reach about 5000 unemployed/underemployed young women and men in the Dhaka area and to set them up in employment. It is expected that atleast 40% of such young people will receive access to gainful jobs during the period, due to SkillMark’s work. Indirect beneficiaries of the project will be the families and the employers of the training participants. The project will also have a replication effect in other industries that understand the need to invest in skills training. The project will seek like-minded donors and sponsors to co-invest in the project. With such co-investors, the project outreach will increase. The project will be targeting about 40% of its clients to be women.

4. Strategy and Approach

4.1 Situation Analysis
Generating employment is one of the major links for economic growth in countries like Bangladesh. The working population in Bangladesh of about 50 million is growing, adding slightly less than two million entrants in the labor market. However, one of the key constraints restraining growth is the acute shortage of skills prevalent in the labor force. The existing training institutes and other Technical and Vocational education training (TVET) system in Bangladesh is not up to the par to meet the skills shortage in the economy. The 2nd Bangladesh Investment Climate Assessment done by the Bangladesh ICA Team of World Bank in March 2008 showed that almost 25% of the industries in urban areas complained of skills shortage and mismatch. Equipping the potential group of employees with relevant skills can help in income generation, thereby minimizing poverty. Thus by increasing the skills and competitiveness of the skilled and semi skilled workforce, it will not only improve their condition locally but also make them more competitive in the international market.

4.2 Strategic Framework
4.2.1 Systemic change
The project aims to bring about a systemic change in the perception of the employers and employees as well as training/TVET institutes by increasing their responsiveness to the labor market needs. By seeing the positive outcomes of hiring skilled labor the employers will be more willing to invest in their employees while the industry training institutions will collaborate more proactively to create a higher skilled labor force. The change mechanism is depicted in the diagram to the right.

4.2.2 Sectors under coverage
Based on demand assessment of skills required, the project has identified a few key sectors to work in. These sectors were mainly chosen because there is an unmet demand of skilled workers in these particular sectors and existing TVET centers cannot meet the needs. These sectors are:
- Ready Made Garments and Textile Industries
- Light Engineering and Fabrication Works
- Migrant Labor
- Handicraft and Cottage Industries
- Shipbuilding and Heavy Industries
- Leather and Footwear Industry
- Furniture and Interior Décor Industries
- Automobile Workshops/Industries

4.2.3 Geographical boundary
The first phase of the project will be implemented in central, Southeast and Northwest Bangladesh namely Dhaka, Chittagong and the Bogra during the period 2009-2012. However, based on the success and lessons learnt from the first phase, we will be more leaders and will replicate the success and scale up in other regions. The locations are marked on the map to the right.

4.2.4 Strategic Principle
The strategic principles that underpin the project work are:
The project will focus on selected sectors to produce visible and sustainable results with training institutions to exemplify the benefits to the entire skills development market.

The project will design sector specific strategies in order to develop innovative tools and approaches to increase efficiency and maximize impact in those sectors.

The project will try to impact a higher number of beneficiaries by replicating and scaling up successes in different sectors by forging new partnerships.

4.3 Project Goal
The development goal of the project is to contribute towards poverty reduction by improving the competitiveness of selected economic sectors in which Swisscontact assesses their needs with regards to the demand for skilled labor and designs market-based mechanisms that ensure the sustained availability of skilled workers. It envisages that increase in the supply of appropriate skilled labor force in the industries will enhance the prospect of gainful employment for the unemployed and underemployed youth, develop industrial workmanships which will lead to industrial growth which in turn also helps towards poverty alleviation. The project aims to focus mostly on benefiting unemployed and underemployed youth with little or no educational backgrounds as this group is most affected by poverty and by making them better equipped to find jobs, it would help to lift them as well as their families out of poverty.

4.4 Project Approach
The project as such is a new project and will design innovative new interventions by assuming the role of a pure facilitator (and not financing party) as far as possible. It will link industries with training institutions in order to fulfill the needs of newly emerging and/or expanding industries in Bangladesh and try to make the training market work rather than having industries setting up their own on the job training facilities.

4.5 Project Effect/Results or Purpose
The project will design specific interventions that aid the functioning and improvement of the skills development market. It will do so by developing sector specific innovative interventions which ensure that the skills development can assess the need for skilled workers in those sectors and cater to their demand by ensuring a steady supply of workers with required and updated skills.

4.6 Project Outputs
The five outputs as stated below will ensure the achievement of the project purpose by the end of three and half years:

1) **Linkage among financial institutions, training providers and trainees facilitated**: The project wants to develop a sustainable mechanism through which training providers and trainees have access to finance. Training providers often fail to produce workers with the skills that are required in the market as they do not have the capital to invest in their curriculum development, teacher upgradation or even fail to buy the latest technologies that are required to use for upgrading the students' knowledge on what is used currently in the market. On the other hand since most of the students also come from poorer socio economic backgrounds they cannot also afford to enroll for the courses that are more expensive because of higher demand. The project will explore the potential of creating different financing mechanisms complementing the skills development system. The project will do so by facilitating a linkage between financial institutes (banks, microfinance institutes, etc.), training providers and trainees to come up with different schemes that are profitable to both the parties. These could be in the form of low interest loans to training providers, training institutions acting as a guarantor for their students, etc.

2) **Linkage among employers, industries and training providers is facilitated**: The project will facilitate linkage between employers, industries and training providers so that there exists a
mechanism by which the industry can inform the training providers of their needs and the training providers in turn cater to those needs. The project will also devise strategies to get the employers and other stakeholders to invest in getting the trained, skilled labor force to ensure higher scale and outreach. If the employers can be convinced that by paying for skills development, they will have access to better quality, more efficient labor force who will in turn increase their turnover they may be encouraged to invest in the process, ensuring the smooth operation of the skills training centers and possibility to scale up in future. On the other hand if the industries get the skilled labor they require and absorb the trained workers by employing them, more workers would enroll in the skills development courses and the training institutes will be motivated to continually upgrade their system to cater to the industries' needs.

3) **Capacity of training providers targeting selected sectors of the economy enhanced:** The project will work in selected sectors where there is the need for skilled workforce and work in building the capacity of the training providers/institutions to develop their students accordingly. This can be in terms of assessing the particular skills requirement in certain sectors, developing course curriculum that reflects the needs, providing teachers' training, assisting in development of appropriate training modules, etc. It expects that by capacity building of the training institutes, they will be able to provide better skilled workers who are more easily and quickly hired by the relevant sectors. This in turn will encourage more workers to enroll with the training institutions, thus increasing their revenue and motivating them as well as other training providers to invest in capacity building in the future.

4) **Swisscontact’s approach to market-driven skills development and lessons learned communicated to key stakeholders (public bodies, private sector representatives, donors and their projects):** The project wants to build awareness on the needs of skills development amongst workers, training institutions, employers, donors, public bodies, industry representatives (e.g. BMOs, associations, trade bodies etc.) and other different stakeholders. This will be a crucial step in reaching scale because as more stakeholders are aware of and realize the potential of a market based skills development system, they will be further initiated into adopting or implementing the same model. Similarly if employees realize how investing in their own skills guarantees a higher income in future, they will be initiated into enrolling for such courses. The project will thus adopt specific strategies to communicate their approach to the wider community.

5) **Project Management:** The project will be reporting to the headquarters in Zurich. Project Management will be done to ensure the smooth and effective operation of the project while meeting the development purpose and outputs. In terms of overall project management the project will be involved in planning of the interventions, designing an overall framework of Monitoring and Evaluation to ensure that the interventions are designed in a way to achieve project goal, conducting financial analysis by estimating financial costs, funding proposals etc. by partners to justify which interventions would have the highest income in terms of skills development and job placement and also report regularly to the headquarter.

### 4.7 Outline of Activities

The major activities that are needed to achieve the outputs during the duration of project phase are outlined in relation to each output are listed below. The action plan is shown as Annex 3.

**Output-1: Linkage among financial institutions, training providers and trainees facilitated**
1. Assess the needs for financial support for TVET centers and trainees
2. Develop financial scheme models
3. Identify and support financial institutions to introduce financial schemes
Output-2: Linkage among employers, industries and training providers is facilitated
1. Identify the industry sectors and TVET centers and assess the unmet demand of the sectors
2. Establish partnership among employers and skills development centers
3. Conduct activities for awareness program (e.g. print/electronic media, employment fairs).

Output-3: Capacity of training provider targeting selected sectors of the economy is enhanced
1. Develop market driven curricula
2. Develop trainers’ capacity (number, quality)
3. Develop infrastructure of skills development providers

Output-4: Swisscontact’s approach to market-driven skills development and lessons learned communicated to key stakeholders (public bodies, private sector representatives, donors and their projects)
1. Assess options for outreach to public about VET
2. Develop delivery mechanism for selected option
3. Conduct activities for communicating Swisscontact’s approach to market-driven skills development and lessons learned

Output-5: Project Management is established allowing project implementation
1. Establish and maintain project set-up
2. Conduct monitoring and evaluation
3. Conduct reporting and information dissemination

The overall impact chain of the project is illustrated in the diagram below:
Risk Assessment

Overall the project is relatively low risked. The major risk that is relevant for the entire of Bangladesh is the worldwide recession that might affect the macroeconomic conditions of the country, reducing the growth in different industries and service sectors.

The matrix below illustrates the various risks at different levels of the logframe.

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Probability</th>
<th>Impact</th>
<th>Mitigation strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is political instability in the country.</td>
<td>Low</td>
<td>Medium</td>
<td>This will be monitored closely by the project. However after the recent election, there has not been any recent major political instability. In case it arises, the project will focus on sectors where the impact of political instability is minimal, for instance those located in the outskirts of the city etc.</td>
</tr>
<tr>
<td>Major economic downturn/recession has a negative effect on the economy.</td>
<td>Medium</td>
<td>Medium</td>
<td>The recent worldwide recession might have a negative impact on various sectors of the economy. The project will try to choose working in those select sectors where the impact of recession is minimal. The project also aims to work with foreign migrant workers who have been sent back due to the economic downturn, by further developing their skills so that they can compete better in the global market.</td>
</tr>
<tr>
<td>Market distortion by donors and Government by directly funding the skills development institutions.</td>
<td>Low</td>
<td>Medium</td>
<td>The project will maintain active and transparent coordination with the Government and donor consortium which are also active in the field of skills development. By doing so the project will be selective in terms of choosing partners/training institutions which do not receive direct grants or other sort of</td>
</tr>
</tbody>
</table>
Funding is not available for scale-up | Low | Medium | The project will try to make optimal use of its funds by leveraging private sectors to invest more in the skills development model and use its success to secure more funding from donors.

5. Cross Cutting Issues

5.1 Cross Cutting Issues

5.1.1 Gender
The implementation of the proposed project will ensure equality for both male and female members of target group and stakeholders at all times. This will be tackled through sector specific gender analysis; selection of women dominated sectors and trades; advocacy for women employees with employers; gender sensitization in trainings etc.

5.1.2 Environmentally Responsible Business Practice
The nature of the contents of the proposed project inherits a strong component for environmental protection. The Project will have a positive impact on the environment due to the rise in the level of income of the target beneficiary and their families.

5.1.3 Socially Responsible Business Practice:
The project will not contravene with any social or cultural norms of Bangladesh. Instead the project will be promoting a win-win situation for the training institutions and the industries to pass on some extra profits to meet the social needs of the local communities equitably. This will be carried out by sensitizing the employers and making them actively participate in the demand assessments to convince them that the skill development initiative would be based on their needs, so that they in turn develop the habit of paying for skills and take part job placement activities; by awareness building for trainees etc.
6. Monitoring Framework

The project will implement an internal system of Monitoring and Evaluation (M&E) to serve three key purposes:

- **Predicting**: The M&E system will be used by the project to predict impact during that start of an intervention. This will help the project to choose the right sectors and right interventions for optimal utilization of resources and funds.
- **Monitoring**: The M&E system will be used as a management tool to ensure that interventions are progressing in the right direction to achieve desired impact. This will help project staff to take remedial actions when required.
- **Measuring impact**: The M&E system will also be used by the project to report on impact and thus choose interventions that can be scaled up further to ensure maximum impact.

For each intervention, an impact logic will be created to outline the logical flow of the intervention activities and how it leads to project super goal (i.e. poverty alleviation). The impact logic will also be complemented with a M&E plan which in an integral part of the document, that shows how and when to measure each level of change in the impact logic and the reporting document supporting each. This will include baseline surveys, impact assessment and various other forms of reporting (intervention reports, case studies) to disseminate the findings.

The M&E process for the project is outlined in the diagram below:

```
Monitoring Framework

Develop impact logic & M&E Plan  Implement the M&E plan  Analyze findings  Prepare Reports to disseminate findings

Define timeline, questions to ask, set targets, and predict impact

Conduct interviews, baseline surveys, impact assessment and collect secondary information as per M&E plan

Analyze the findings from the M&E studies and reports to draw conclusions on intervention progress and/or impact

Prepare intervention reports, case studies, website material and other reports for both internal use and sharing to external community
```

This phase that started in January 2009, the project entered the inception phase. During this phase that lasted till June 2009, the project approach and strategies and enter into a few key sectors. After the pilot phase ends in June 2011 (there will be a midterm review in December 2010), the project will enter its scale up phase which will continue till the end of the project in December 2012 to expand and create more employment. The graph below shows the project timeline broken into different phases and months comprising each.
7. Project Partners

The project will be implemented with a joint partnership between the following actors in the economy:

- **Skills Development Institutions in Private Sector, GOs and NGOs:** Currently there are a large number of skills development organizations that are run by the government, private sector and various NGOs. SkillMark will work together with these organizations to improve their training quality and capacity to deliver skills that are in demand in the market.

- **Industry Representatives/Employers/BMOs:** The industry sector comprises of various actors such as employers, associations, BMOs and other industry representatives who employ the skilled graduates and can play a vital role in their skills development by investing in the process and communicating their needs to the training institutes. SkillMark will establish partnerships with various industry representatives to ensure their cooperation in the skills development system.

- **Government Organizations and Ministries concerned with Skills Development:** Several government run ministries and other organizations work in favor of skills development. For instance, BMET (under the administrative control of Ministry of Expatriates’ Welfare and Overseas Employment) imparts various trainings on different employable trades; Ministry of Expatriates Welfare and Overseas Employment ensures welfare of the expatriate workers and tries to boost overseas employment; Business Promotion Council (formed under Ministry of Commerce, GOB) works for the broader objective of helping small and medium enterprise development. SkillMark will explore the potential to work with these different organizations to reach more people and work in policy related issues that will aid in the growth of the skills development sector in general.

- **Bank or Non-Bank Financial Institutions/Credit Providers in NGOs Sector:** Since access to finance is a major cause for which the unemployed youth cannot invest in their skills development program, SkillMark will try to work together with Banks, Non-Bank Financial Institutes and Credit Provider by creating profitable financial models for them in which they can extend loan facilities to these workers with low interest schemes.

- **Recruiting Agencies/Overseas Job Providers etc:** Many Recruiting Agencies have their own training institutes where they provide short duration job specific trainings for overseas job
seekers. These organizations do not use updated course curriculum and instructors often lack sufficient skills to train trainees. SkillMark will work with these recruitment agencies to build their capacity to offer good quality training on high demanded skills.

- Non-government development organizations like ADB, ILO and Save the Children Denmark: ILO is currently implementing the ‘Technical and Vocational Education and Training (TVET) Reform’ and ‘Improving Skills Training and Entrepreneurship for Enhanced Employability and Livelihood’ Projects in Bangladesh to reduce poverty. These projects enable people to acquire employable skills through wage-earning jobs and self-employment. ADB is working with Bangladesh Government to upgrade the capacity of TVET providers particularly Government runs TTC and Technical College. Save the Children, Denmark has a project where they use the CSR funds from different employers in various industries and use the funds to train unprivileged people who do not have the financial capacity to enroll in skills development programs. These unprivileged workers are hired by the industries upon completion of skills development training program. SkillMark will explore the potential scope to partner with these organizations to reach and benefit more youth.

The diagram below shows these different organizations at various levels (macro, meso and micro) in the economy.

| Macro | - Ministry of Expatriates Welfare and Overseas Employment (MoEWOE)  
- Business Promotion Council (BPC)  
- Bureau of Manpower Employment and Training (BMET)  
- ADB, ILO |
| Meso | - Business and Trade Associations |
| Micro | - Medium/Large Industries/Enterprises  
- Training Institutions  
- NGOs/Foundations/Bank/Non-Bank Financial Institutions |

The analysis of potential sectors that Swisscontact is interested to work in is elaborated in details in Annex Seven.

8. Pilot & Scale up

Notwithstanding all the efforts from Government, donor agencies, NGOs, it is still a far reaching goal in context of Bangladesh to establish demand driven financially sustainable pro-poor skills development institutions. Thus the project wants to start its work with some pilot interventions to test the water and see how responsive the market is to the system.

8.1 Pilot work

The project wants to establish its footing by first doing a set of pilot interventions with one or two private training institutes and other partners to test out the effectiveness of its strategies. Private training providers are the largest group among the four categories (i.e. public, NGOs, Associations and Private) of training institutions in Bangladesh and the labor market survey further strengthened the project's belief that there is ample scope to work with these training centers to make them more market oriented.
The project has already identified a few potential institutes, located in prime areas in the city that are unable to operate in full capacity because i) they do not have the linkage with industry representatives to know which skills are in high demand and ii) they do now have the funds to update their training curriculum or expand to include those trades that are in prime demand in the market. These training institutes are also linked to a few recruitment institutes that employ workers to send them for overseas migration and these people have shared the need/demand for hiring more people in trades such as construction and masonry among many others.

The other problem identified from these training institutes is that there is a general lack of awareness amongst the labor force on the availability of such institutes and whether they offer good quality education. Due to lack of proper marketing, the training centers are often limited to operating within their own geographical vicinity and fail to target a wider market. Moreover due to lack of information, the target group is left unaware of the fact that by getting trained in skills that are required by the market, they will be better able to compete for higher paid jobs. If the training institutes start offering courses on market driven skills, equal effort needs to be spent on making the youth aware that they are doing so and the benefits of acquiring these skills.

Also the common underlying problem that results in low enrollment is that the youth labor force lack the financial capacity to pay for courses that are in higher demand in the market, as often these courses are priced comparatively higher than the rest.

In the pilot phase the project plans to work in the following ways:

- **Subsector based interventions**: SkillMark will identify a few subsectors where there is a demand for skilled labors and a potential to generate a high number of employment but the training institutes are unable to cater to the demands of those sectors. The project plans to bring together industry leaders and training providers so that the training providers can provide their trainees with the required skills that are in demand in the market. The project will also provide technical assistance to the training institutes to establish and update their course curriculum, provide training of trainers and produce high quality training manuals that reflect on the current norms of the related sectors.

- **Migrant labor**: SkillMark will design specific interventions to make local workers more skilled to compete in the overseas job market. An estimated 6.5 million Bangladeshis who work and live abroad sent home a record US$9.68 billion in the 2009 fiscal year, making it the second largest income source for the country. However as companies continue to wind down workers clobbered by the global recession; and Bangladesh faces challenge of heading off the next wave of job cuts. The state-run Manpower Bureau said over 38,000 Bangladeshi low-wage workers returned home during January-May 2009 as real estate and construction jobs in the Gulf and Southeast Asian nations dried up. The project will try to mitigate the risks of recession on the overseas employment workers by up scaling workers' skills, not focussed on low-end technical training alone, but also on high valued, high-wage job training that are in high demand in the overseas market. This will make the migrant labor force more competitive and less vulnerable to suffer job-cuts.

- **Establishing linkage between the training providers, trainees and financial institution**: The project wants to link up the training providers with a potential bank or banks that are willing to offer low interest loan schemes for the training provider so that the training providers have the financial capacity to invest in appropriate infrastructure to make the facilities modern and updated with the latest technology. The project also wants to link up the two groups, to initiate another loan mechanism whereby the bank will offer a loan scheme to the trainees from those training providers, where the training providers would act as a guarantor for the trainees. The project will help in designing a financial model for the bank, to determine the interest structure
and other features of the loan scheme, so that it is profitable business innovativeness for the bank as well.

- Sensitizing the industry and labor on the benefits of a market led skills development system: SkillMark will bring together training institutes, industry representatives and unemployed youth under the same forum to sensitize them to the benefits of investing in skills development and facilitate a linkage between the three groups so that they know what skills are in demand and where there is supply of skilled labor force. Since the project is also newly established, it will also use this forum to introduce itself as a facilitator to help in the growth of a skills development market. The project will also undertake various activities to promote high quality training institutes to unemployed youth. While overseas recruitment agencies really try to penetrate the market at the grass-root level (and successfully achieve so, workers pay huge sums to partake in training which are needed to get hired by the overseas recruitment agencies), the training centers have no mechanism of information flow. In this regard, SkillMark will try to link training centers (that offer skills that are in demand in the market) with existing recruitment agencies (bdjobs, chakri, etc.), to also encourage them to expand to advertise at the grass-root level in villages, to increase their market share. The training centers in return will pay these recruitment agencies to help them in attracting workforce, who will in turn pay to receive training and in turn get guaranteed jobs. CIC centres can also be utilized to create this awareness and media can be motivated to cover the industry.

8.2 Scale up
The project will be scaled up in July 2011 after assessing the success and incorporating the lessons learnt from the pilot project. The project will communicate the success of the pilot phase to seek funds from donor agencies in the scale up phase to leverage more impact i.e. reach more beneficiaries and create more employment than it did in the first phase. The project will be scaled up in a few different ways:

- Vertical Growth: After working in the pilot phase, SkillMark will use its learnings to generate more employment in the same industries that it worked in, by working with more partners in the scale up phase. While the pilot phase is harder to implement as industry representatives need to be convinced to invest in the skills development market, the project will use the pilot phase’s learning to exemplify the benefits of skills development within a certain sector and trigger partnership with more companies, training institutes and other organizations within the same sector to generate higher employment.

- Horizontal Growth: SkillMark wants to expand in the scale up phase to include more sectors and expand outreach. Since the project is introducing an innovative model of skills development market, it wants to use the learning from the pilot phase to replicate successful models in the scale-up phase, and also use the learning from the failures in the pilot phase to be cautious about not repeating the same mistakes.

- Growth through policy changes: Using the knowledge from pilot phase, SkillMark will identify constraints at the macro level that hinder the growth of skilled labor in the sectors that it works with and also identify potential areas in which policy level changes can really help in the growth of the skills development market and hence that of the industry. In the scale up phase, the project wants to work at the policy level with the government to facilitate the growth of the skills development industry.