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**PUNJAB SKILLS
DEVELOPMENT
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MESSAGE From the CEO

It gives me immense pleasure to share PSDF's second Newsletter with you. The last quarter (Jan-March 2012) witnessed a marked increase in PSDF activities. More than 10,000 candidates started their trainings in various courses which are being conducted by 31 training service providers who were engaged under Skills for Employability (SFE) scheme. About 3500 have already completed their vocational training and are actively engaged in the labor market. Our target is to train 17,000 trainees under this scheme.

PSDF also successfully organized a three-day vocational educational expo, Hunar Mela, in Bahawalpur which was inaugurated by the Chief Minister Punjab Muhammad Shahbaz Sharif. Over 30,000 people visited the event to seek information about demand-driven courses offered by PSDF's service providers for the citizens of targeted districts – Bahawalpur, Bahawalnagar, Lodhran, Muzaffargarh.

PSDF is guided by rigorous economic research in the design of its schemes. Our recently launched schemes – Skills for Market and Skills for Jobs – are based on extensive research work carried out by Center for Economic Research (CERP) and committed deliberations of the board of directors. I would like to take this opportunity to thank PSDF's sponsors – Government of Punjab & Department of International Development UK – for their unrelenting support and patronage.

OVERVIEW

To mitigate the sufferings/deprivation of the masses of this area (Bahawalpur, Bahawalnagar, Muzaffargarh, Lodhran) and to raise income levels through a concrete strategy, the Government of the Punjab in collaboration with Department for International Development UK has set up Punjab Skills Development Fund (PSDF), a not-for-profit organization established under the Companies Ordinance 1984. To achieve its vision, PSDF aims to introduce different products for skills development in targeted districts. Its cross-cutting strategy is to promote competition in skills training market. The training services procured through the process will be focused on imparting skills which respond to the needs of the labour market. The funding and incentive structures shall ensure responsiveness from private, public and not-for-profit training providers.

Board Of Directors

PSDF is a corporate body established under Section 42 of the Companies Ordinance. Its Board is comprised of eminent professionals from the business world, civil society and academia. Four provincial secretaries are represented to ensure ownership and support by the public sector and create synergies with existing initiatives and policies.

| | |
|-------------------------|---|
| Mr. Asad Umar | (President Engro Corporation) Chairman |
| Dr. Ijaz Nabi | (Professor of Economics LUMS) |
| Mr. Almas Haider | (CEO SPEL Group) |
| Mr. Humayun Nabi Jan | (President Trust Investment Bank) |
| Mr. Baligh-ur-Rehman | (MNA / Businessman) |
| Ms. Khawar Mumtaz | (CEO Shirkatgah) |
| Ms. Nadia Jamil | (Civil Society) |
| Mr. Tariq Bajwa | (Secretary Finance) |
| Dr. Shujat Ali | (Secretary Industries) |
| Mr. Hamid Yaqoob Sheikh | (Secretary Livestock) |
| Mr. Ali Tahir | (Secretary Planning & Development) |
| Mr. Ali Sarfraz | (Chief Executive Officer PSDF) |

CERP conducts a household survey in four target districts

Center for Economic Research in Pakistan (CERP) provides rigorous economic research to PSDF for design of interventions.

Initial findings of the baseline survey conducted by CERP provide key insights about the four districts. The program districts have a very young population and the levels of spending per capita are low for people in the bottom two quartiles of consumption distribution. To add to this, educational attainment in the region is low. Forty-four percent of respondents in the lowest consumption quartile have never been to school and only 23% report having completed primary school. Furthermore, the education deficit is much more acute among women. The level of unemployment is low among men but approximately two-thirds of women report being unemployed, suggesting a need for interventions that can target unemployed women.

Existing job-specific skills are heavily skewed in favor of specific sectors. Half of all male respondents reporting a job-specific skill say that they are skilled in agriculture and four-fifths of skilled female respondents report that their skills are in garments and textiles. There is a massive deficit in core skills: numeracy, literacy, and the like. Providers of training are not offering any training in core skills even though they are highly correlated with income. Interventions are required to address what looks like a supply-side

failure in the market for skills and inducing providers to also cater to the skill acquisition demands of the less educated.

There appears to be a demand-supply mismatch, since public and private formal training providers serve a small percentage of those currently acquiring skills. Skills are mostly inherited (i.e. taught by family members) or acquired through informal providers or self-learning. Low supply of training is further exacerbated by the education qualifications required by formal training providers, which are acting as a barrier to entry for a sizeable number of male and female trainees. Resultantly, the structure of supply is not adequately catering to demand with the mismatch being more acute for poor households and women. On the demand side, we find that the willingness to send household members for training is high even amongst the poor and women. Those selected for training expect substantial gains to their income from acquiring core skills.

Adequate financial incentives (vouchers or stipends) are likely needed to help ensure that potential trainees from the target population of poor and vulnerable are willing to enroll. Households report lack of money as the main obstacle to acquire skills and a third of the respondents report financial assistance as the best form of support to help them acquire training. On the whole, these findings suggest that the following interventions could have immediate impact:

1. One class of interventions could be designed to provide the nominated individuals direct opportunities for training which include a stipend to make up the opportunity cost of attending training and cater to their specific needs. In particular these programs likely require separate designs for men and women given that male nominees are more likely to be currently employed while female nominees are mostly unemployed.
2. There is a need to seed interventions that create access to skills training among women and the poor with low educational attainment. There is need to develop content and pedagogy that makes skills training accessible to this population.

PSDF launches two new schemes for training of 22,000

Punjab Skills Development Fund (PSDF) has launched two new schemes – Skills for Job and Skills for Market. Under these schemes more than 22,000 trainees will be trained. For engaging service providers, the Fund has invited expressions of interest from training organizations from all over the country. PSDF will procure services from different training organizations for providing training to eligible candidates.

Skills for Job:

Empirical evidence suggests that certified skilled workers accredited by a national or international certifying agency are generally preferred by employers. Specifically Middle Eastern labor markets are becoming more sophisticated by exhibiting preference for workers who are certified by reputed testing authorities. Standardized training packages also enable an employer to calibrate a candidate against a yardstick.

PSDF has partnered with local and international accredited certifying agencies to provide access to structured courses. PSDF aims to provide skills training to 20,000 individuals under this scheme. PSDF has invited service providers to bid for the courses in various trades which include Electrician, Auto Mechanic, Mason, Welder, Plumber, Information Technology, Hospitality, Agriculture, Customer Services

etc. PSDF has particular focus on provision of female trainings, therefore, a number of courses have been included so that females have access to a variety of demand-driven vocational courses. Some of these courses are: beautician, tailoring, secretarial studies, beauty therapy, hair dressing, fashion designing,

Skills for Market:

Research indicated that rural populations wish to obtain vocational training in those trades which are relevant to the local economy and are imparted close to their villages. Skills for Market (SFM) scheme has been designed to meet the needs of rural populations. The scheme focuses on those local trades which will open up opportunities for self-employment, informal contractual employment/piece work and small/micro-businesses. Training service providers are expected to build linkages with potential markets for sale of trainees' products or services.

Under this scheme vocational trainings will be offered to 2,000 individuals in the rural population of districts Bahawalpur, Bahawalnagar, Lodhran and Muzaffargarh. A distinguishing feature of the scheme is the inclusion of core skills - numeracy, literacy, communication, creativity, planning - in the training package.



PSDF organizes three-day Hunar Mela in Bahawalpur

BAHAWALPUR: PSDF organized a three-day vocational education expo for youth, Hunar Mela, from 29th December 2011 to the 31st December 2011 in Bahawalpur. Chief Minister Punjab Muhammad Shahbaz Sharif inaugurated the event. Mr George Turkington, Head of DFID, Pakistan, Dr Ijaz Nabi, Ex-Professor of Economics LUMS & Member Board of Directors PSDF, Mr Baligh ur Rehman, MNA & Member Board of Directors PSDF, Mr Ali Sarfraz, CEO PSDF, and Mr Ali Moeen Nawazish, Youth Ambassador of Jang Group, also graced the occasion. All the services providers engaged under Skills for Employability (SFE) set up their stalls to provide information of registration for various courses offered by them to interested candidates. More than 30,000 people visited the vocational education expo.

While address a large gathering of participants at the event, Mr Shahbaz Sharif welcomed all the guests at the Hunar Mela including the young trainees and expressed his happiness on the launch of this training programme from South Punjab which he felt would, in real terms, aid Pakistan to become a progressive country. The Chief Minister stressed that the future of Pakistan was linked to education and technical training and that this was the only path that would allow Pakistan to be self-reliant in the future. The Chief Minister stated that each government in the past sixty-four years ignored technical education, which

resulted in the current economic state of the country. Talking about PSDF, the Chief Minister informed the participants that through its first training program the youth would learn skills in various trades which may help them in availing opportunities in the Middle East. To make youth self-reliant, he stated that they will be given small loans so they can sustain themselves and earn their livelihood.

In his address, CEO PSDF Mr Ali Sarfraz elaborated that the purpose of the Hunar Mela was to introduce PSDF's first scheme (SFE) and also to familiarize people to the training opportunities available to them through various training organizations.

Address the audience, Mr. George Turkington, Head of DFID, Pakistan, stated that he was extremely delighted to be a part of PSDF's Hunar Mela and to see so many training organizations and youngsters who were eager to develop their skills sets and potential. He thanked the Chief Minister, Mr. Shahbaz Sharif for his support for the programme and his commitment for the development of youth across Punjab. Head of DFID also spoke about UK's commitment to build the largest bilateral development programme in the world in Pakistan. He stated that the UK's commitment to build such a programme was due to the excellent affiliation that the governments of the two countries shared. Mr. Turkington further stated that the success of the programme would depend on Pakistan's ability to produce results, implementing reforms, building on the economy and handling corruption. To further assist Pakistan in its development, he stated that the UK over the next few years hoped to support an additional 4 million children receiving quality primary education in Pakistan. He stated that they hoped to reach 1.5 million people with micro-finance to help them build small businesses and promote economic growth. Mr. Turkington informed the participants that they were hoping to rebuild the conflict shattered infrastructure in the border areas of Pakistan and would be working to promote peace in the country. He stressed on the fact that wherever humanitarian needs are to be met in Pakistan the UK would be one of its first respondents.

A total of 31 training organizations which were selected under PSDF's first scheme - Skills for Employability - participated in the event. These organizations were offering trades that ranged from Village Milk Collectors to Artificial Insemination Work-

ers, from Tailoring to Specialized Embroidery, from Home Appliances Repair to Welding, from Computer Graphics to Office Management, from Professional Cook to Receptionist, from Fitter to Mason, from Call Centre Agents to Safety Inspectors, from Plant Doctors to Drip irrigation and a host of other economically attractive areas.





ISLAMABAD: Senator Nuzhat Aamir Sadiq awarding training completion certificate to a trainee



ISLAMABAD: Participants at the certificate awarding ceremony organized by HTSPE

PSDF's training service providers organize certification ceremonies to mark the completion of 3,500 trainings

BAHAWALPUR: PSDF's service providers organized graduation ceremonies to award certificates to candidates upon completion of their trainings. Till now, a total of 3500 trainees have successfully completed their trainings in various trades that ranged from Tailoring to Specialized Embroidery, from Home Appliances Repair to Welding, from Professional Cook to Order Taker, from Sales Person to Tunnel Farming and a multitude of other demand-driven technical courses. About 1500 females have completed their training under Skills for Employability. The female trainees have completed their trainings in courses that include: Football Hand Stitching, Machine Embroidery, Hand Embroidery, Traditional Birth Attendants and many other courses. PSDF invited government functionaries and public representatives to these events to honor the newly skilled professionals. 420 trainees completed their trainings initiated under the Six Model Villages Project, PSDF's pilot project – 60 trainees completed their training from College of Tourism and Hotel Management, 125 from TUSDEC and 235 from PVTCT. While talking to PSDF, these trainees said that they were confident that equipped with newly acquired skills, they would be able to find jobs or venture out on their own in practical life. These functions were organized in different parts of Punjab and Islamabad where the trainings had been imparted. Snapshots of the ceremonies are on facing page.



MULTAN: Waqas Raza, Director COTHM (Multan Campus), presenting a bouquet of flowers to the chief guest MPA Chaudhry Abdul Waheed Arian



MULTAN: Trainees pose for a photo at the certificate awarding ceremony organized by COTHM.



RAWALPINDI: MNA Malik Shakeel Awan awarding training completion certificate to a trainee



RAWALPINDI: Participants at the certificate awarding ceremony organized by NRSP



LAHORE: MPA Dr Saeed Elahi giving training completion certificate to a trainee at a ceremony organized by Zealcon Training Institute



LAHORE: Dr Saeed Elahi visiting Zealcon Training Institute



LODHRAN: MNA Baligh-ur-Rehman awarding training completion certificate to a trainee



LODHRAN: Participants at the certificate awarding ceremony organized by Public Welfare Organization

Competition in the Skills Sector

The questions of efficiency and limitations of public provision of vocational training have led many countries to think about a skills training market: one in which training providers are sellers and individuals or the state are buyers of training services. Even though gains from competitive skills markets have been observed, free markets for training are still a far cry.

The classical assumptions for perfect competition include the existence of a large number of buyers and sellers, perfect information, independent consumer preferences, lack of market entry barriers, absence of externalities and economies of scale. In case any one of the above assumptions are not met, a market failure results. For example, difference in planning horizons changes the information set available with buyers and sellers of training services. While potential trainees will be looking at long term prospects, a majority of employers will be looking at current vacancies. For private providers, changing courses in response to demand for skills is costly and difficult. It is challenging for markets to respond to signals from sources that can potentially have different and rapidly changing demands. Information gaps also exist when students are not aware to a large extent about the quality of training that will be imparted to them. An expert has this to say:

"In relation to VET, the most significant market failures are associated with the combination of imperfect information, interdependent preferences, the

inter-temporal mismatch between decision-makers and the operation of the price and profit signals. The market for training services also cannot be a free market because, to ensure quality and relevance of training delivery, quality assurance systems need to be put in place through regulation. While a "free market for skills" will be elusive given the above problems, there will be a case for including competitive elements in a regulated milieu for quality control."

Many countries have set up mechanisms that introduce competitive elements in the skills delivery sector. Most significant of these are skills funds. In Malaysia, Singapore and South Africa, such funds have existed for more than a decade while a Skills Funding Agency was set up in UK in 2011. In Sub-Saharan Africa, 30 countries have set up national or provincial skills funds.

Instruments used by skills funds include adoption of trainee voucher systems, open bidding, fixed price methods and user fees. Payments for training services are often combined with top-up incentives or subsidies for accessing difficult target groups or locations. In some countries, competition has taken place only amongst private providers, in others, integrating public providers in the training market has been a difficult and elusive goal triggering administrative reforms.

What are the pros and cons of competition?

Competition in the context of skills delivery is expected to reduce costs, respond to consumers' demand and introduce innovation. In modern day economies, skills needs are exceedingly diverse with emergence of new technologies in both goods and services sectors. In response, the vocational training system should offer variety, innovation and flexibility for prospective trainees. Entry of private players is expected to respond to demand for new skills in a much robust manner, and enhance capacity in the short term by entering into partnerships that make use of existing facilities.

Competition also leads to greater efficiency. In an attempt to capture trainees, who can either pay training fees themselves or receive government subsidies, training providers are expected to drive down prices while competing with each other in the market.

This is not to say that there will be no role for government in a competitive market for skills. In the vocational market, information about outcomes has played

an important role in informing individual choice. Applications, even for general education courses, depend, to a large extent, on students' interests and aptitudes which account for labour market trends with a lag. Sophisticated Labour Market Information Systems (LMIS), such as those functional in Canada and Australia, have been effective in relaying information about labour shortages and thus dealing with them. The Government, therefore, has a major role to play in dissemination of credible information about skills shortages, gaps and expected returns.

As a regulator, the government must play a key role in ensuring quality of training. Potential trainees have

very little control over the quality of training once they are enrolled. The state, as a regulator, needs to ensure that standards are maintained in provision of training in the same manner that regulation achieves this for education.

The government can also strengthen the market by allowing public VET institutes to lease out facilities or encourage dual use of premises. With some safeguards against misuse of monopoly power and hidden subsidies, public providers can also enter competition. Public providers can also have a competitive edge in skills delivery where high capital investments are required or skills demand is temporary.



SUCCESS STORIES

I'm proud owner of my home-based business, says beautician Ayesha Mehreen



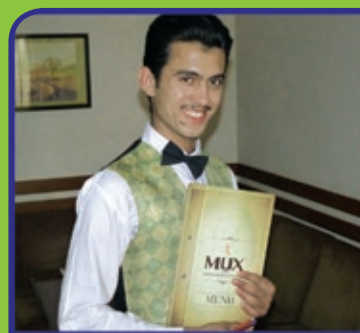
"Thank you PSDF for funding my training. I have recently started my home-based business as beautician. PSDF has shown me a ray of hope for the future."

MUZAFFARGARH: Ayesha Mehreen, a 22-year-old young girl from Muzaffargarh, lost her father few years ago. After her father's demise, his brother became the head of household and found work as a driver at a local NGO. Her brother's meager salary was not sufficient to cover even the cost of food for a family of five. Ayesha did her matriculation but could not study further due to family's financial constraints. Ayesha came to know about PSDF-funded courses

for females through a relative. These courses were offered by a local NGO – Women Social Organization (WSO) – in Muzaffargarh. Ayesha found it a rare opportunity and applied for admission in a Beautician Course. She got admission at WSO. Ayesha completed her three months training so that she could follow her dream of being the best beautician in town.

After completion of her training, Ayesha started her own home-based business of beautician with some financial help from WSO. Now Ayesha makes home calls in her neighborhood for makeup services. She loves the art of makeup. Her hobby has flourished into a profession which brings her a constant stream of income. Talking to PSDF, Ayesha was very excited while sharing her business success. Ayesha is trying to secure loan from WSO or Akhuwat so that she can take her business to scale. She thanked PSDF and its sponsors – DFID & Government of Punjab – for making her dreams come true. Ayesha wants to inspire other girls who want to be financially independent. She adores the feeling and is now a confident, earning member of her family along with her brother.

Now I'm a skilled hospitality industry worker earning twice as before because of PSDF



"It is just because of PSDF-funded training course that I'm an order taker now. I earn good pay and receive other benefits; I also send money back to my family".

MULTAN: Saddam Hussain, a 20-year-old father of two children, hails from a small village Arifwala, district Muzaffargarh. He could not continue his education after matriculation. Saddam's father works as a laborer and earns very little for a family of four daughters, three sons and a wife. Saddam got married at the age of 16; marriage at an early age is a local tradition especially in rural Punjab.

The year 2010 brought a great misery for Saddam's family as their house was ravaged by waters. In order to reconstruct his house and to look after his family, Saddam started working as a laborer, earning Rs. 150/- per day. He was not in a position to make both ends meet. In the interview, Saddam told PSDF that his meager income and inability to take care of his family

often resulted in depression. One day, Saddam heard about registrations for Order Taker Course at College of Tourism and Hotel Management Multan. These trainings were offered under PSDF's pilot scheme for Six Model Villages of Southern Punjab. With hopes to change his family's destiny, he applied for admission and was given a seat. Saddam completed the course and put in his utmost efforts to assimilate knowledge & skills imparted. Soon afterwards he was offered the job of an order taker at a very good restaurant in Multan. Saddam immediately accepted the offer and started his career at the restaurant.

Today Saddam is earning Rs. 8,000/- per month and enjoys boarding and lodging facilities extended by his employer. Saddam is able to send money to his family. Saddam feels pride in his job and says his days of despair are over now!

PSDF-funded tunnel farming course enabled me to make one acre a profitable unit



"I want to thank PSDF for funding my training of tunnel farming. Gaining confidence from my early returns, I believe my business of off-season vegetables will lead to more stable profits"

LODHRAN: Muhammad Sajid, a 25-year-old farmer from district Lodhran, left studies after grade five to help his father who was a sharecropper. Sajid and his father worked hard to cultivate crops for a local landlord to eke out a living. When Sajid started to work with his father they were using traditional farming methods to grow crops.

While working with his father, Sajid experienced that their hard work was not producing desired results.

Although both father and son were toiling to improve productivity but the output was not up to any one's expectations. Sajid tried to improve yield by using better pesticides and fertilizer but his efforts could not create a big difference. One day he heard about tunnel farming of off-season vegetable which was becoming popular among farmers in Lodhran district. Sajid experienced the technique by leasing some land and applying whatever he knew about tunnel farming. His lack of skills and technical knowledge led to crop failure. Despite this loss Sajid was adamant to learn.

One day, Sajid came to know about a course of Tunnel Farming which was offered by Public Welfare Organization (PWO) at its training facility in Lodhran. Sajid won a seat and completed his three month training. Sajid leased some land from a local landlord for growing off-season vegetables. Sajid experienced tremendous improvement in yield through better practices. He told PSDF that he is successfully cultivating off-season crops and vegetables like cucumber, tomato, green chili, pumpkin and bitter gourd. He said that the course proved to be very valuable for people like him who wanted to improve their skills sets.



Skills training a top priority of the Punjab Government: Pervaiz Rasheed

LAHORE: Senator Pervaiz Rasheed awarded graduation certificates to Punjab Skills Development Fund's (PSDF) trainees at a ceremony in the city. A total of 130 trainees were awarded certificates by the chief guest. Chief Executive Officer PSDF Mr. Ali Sarfraz and Ms. Sarah Saeed, Strategy Adviser Punjab Economic Opportunity Program, were also present on the occasion. Chairman Descon Mr. Abdul Razzaq Dawood was the guest of honor at the ceremony. In his address to the participants, Senator Pervaiz Rasheed congratulated all the trainees and appreciated PSDF's efforts for eliminating poverty in the targeted districts by funding trainings. He said that the provision of skills training to people is a top priority of the Punjab government. While addressing the ceremony, Mr. Abdul Razzaq Dawood lauded PSDF's efforts for improving income generation opportunities for people of Southern Punjab. He also thanked PSDF for selecting DITT as one of its service providers for its landmark initiative to transform lives in South Punjab. Talking to the newly skilled professionals, he stressed upon the importance of self-development and value-addition in practical life. PSDF and Descon Institute of Technical Training (DITT) jointly hosted this graduation ceremony for honoring the newly skilled professionals at Punjab Institute of Language, Art & Culture here. These trainees have been trained by DITT under PSDF's first scheme – Skills for Employability. PSDF provided all the related funds for these trainings. These trainees have completed their training in the following courses: Welder 3g, Welder 6g, Fabricator, Fitter, Millwright, Scaffolder, Safety Inspector, Safety Assistant, and Electrical Supervisor.



NEWS

PSDF participates in International Women's Day celebrations

LAHORE: Punjab Skills Development Fund participated in International Women's Day celebrations at Alhamra Cultural Complex. The event was part of the celebrations which were organized by the Punjab Government. Chief Minister Punjab Muhammad Shehbaz Sharif was the chief guest at the event.

Various government departments, non-governmental organizations and civil society associations working for the betterment of women in Punjab had setup their stalls. The objective was to disseminate information among visitors about these organizations' contributions for social and economic welfare of the women in the Punjab and to highlight women's achievements in every field of life. This year's theme for International Women's Day was 'Connecting Girls, Inspiring Futures'. More than 10,000 females visited PSDF's stall and took keen interest in PSDF-funded training courses being offered for females.

Under PSDF's first scheme, 'Skills for Employability', a total of 17000 trainees are being trained in various training courses. Out of these 17,000 trainees, more than 40% are females who are being offered trainings in various trades to enhance their income generation prospects through wage or self-employment. A diverse range of traditional (embroidery, tailoring, weaving, cooking etc) and non-traditional (education entrepreneurs, milk collectors, computer networking) trades are being offered to females for skills development. PSDF's aim is to enhance the up-skilling of females with low-skills and those working on low-return jobs and eventually make them self-reliant and increase their earning potential.

PSDF-financed trainings in traditional trades will emphasize the role of product development while catering to the needs of the target markets. PSDF's se-



lected training providers shall connect these women with relevant markets for their products or services in case they wish to be self-employed.

