



Punjab Skills Development Fund

هنر مندی میں خوشحالی



DIRECTORS' REPORT 2015.

On behalf of the Board of Directors of the Company, I am pleased to present the operational performance and audited financial statements of the Company for the year ended June 30, 2015.

GENERAL:

During the financial year 2014 - 2015, Punjab Skills Development Fund successfully achieved its operational targets in the fourteen target districts of the Punjab.

During the current financial year, PSDF operated various schemes namely:

Sr.No	Name of Scheme	Target Area	No. of Contractual Trainees
1	Skills for Job – Health Sector	South Punjab	200
2	Skills for Garments	Central Punjab	7,700
3	Skills for Job – 2014	Central Punjab	2,520
4	Skills for Job 2014-15	All 14 Districts	24,337
5	Skills for Biogas Plant	All 14 Districts	3,200
6	Skills for Job 2015	South Punjab	11,799
7	Skills for Market 2013 - 14	South Punjab	10,000
8	Skills for Market 2014 – 15	Central Punjab	14,728

A total of 53,315 trainees were enrolled out of which 44,435 trainees completed their training.

PERFORMANCE:

More than four year into its operation, PSDF has been able to show that skills trainings can be delivered without heavy investments in capital infrastructure using a competitive bidding model. PSDF has based its operations on the principles of information use, transparency, robust monitoring & evaluation and outsourcing of non-core functions. PSDF also demonstrated that the funding model can be expanded and successfully implemented at a larger scale.

PSDF designed various schemes after incorporating the design inputs inferred from Household & Employers survey carried out by Centre for Economic Research in Pakistan (CERP). The schemes focus on certified trainings using standardized training packages, & tailored made trainings in rural areas with an aim to develop market linkages.



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PSDF's open call for expressions of interest attracted 526 organizations in various schemes. Majority of them were non-governmental organizations and private sector formal training institutes. PSDF used a transparent procurement process developed according to the training market and vetted by its Board of Directors to assess the proposals. To encourage local service providers, PSDF management also organized capacity building sessions for local providers and extended guidance to them prior to submission of bids.

Networking opportunities arranged by PSDF encouraged partnerships between within district and outside the districts training service providers.

The analysis of applications received and contracts awarded to training service providers under various schemes is as follows:

Name of Scheme	No. of Applications Received			Technical & Financial bidding results (Approved by BOD)			Contractual Trainees
	No. of EOIs	No. of Proposals	No. of Trades	No. of Qualified bidders	No. of Proposals	No. of Trade	
Skills for Garments	36	63	29	15	58	26	7,700
Skills for Job 2014	90	17	11	6	13	8	2,520
Skills for Job 14-15	109	429	241	48	255	129	24,337
Skills for Job 2015	117	437	103	52	173	83	11,799
Skills for Biogas Plant	46	82	2	6	12	2	3,200
Skills for Market 14-15	50	52	36	16	37	26	14,728
Skills for Market 13-14	70	24	1	8	8	1	10,000
Skill for Job Health	8	15	12	1	5	5	200
Total	526	1,119	435	152	561	280	74,484

PSDF received an overwhelming response from private providers; however, there was considerable variation in the quality of technical proposals. The Fund realises that the size and experience of bidding entities is not necessarily related directly to the quality of proposals as many smaller organizations prepared excellent proposals. The subsequent experience on implementation of training delivery also confirms the existence of small training providers that can effectively deliver quality training programs.

Key Achievements 2015:

- PSDF has been able to expand the training market through a competitive process by bringing in 113 skills providers who have started their training activities.
- More than 75 % of the trainings contracted by the PSDF are carried out by private sector.
- Extended reach in rural areas with a focus on provision of training within rural communities.
- A wider choice of trades is now available to individuals wishing to take the vocational path: PSDF funds training in 180 trades under various schemes as mentioned above.



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- Innovative trades not available locally in the public sector are being offered such as training courses for Solar Photovoltaic Training, Fiber Optic System Technician, CNC Programmer, HNC Contraction and Built Environment.
- Efforts were made to provide training opportunities to Special Persons under Skills for Job 2014-15 and Skills for Job 2015
- Additional publicly-funded training capacity has been created by leveraging existing infrastructure. No capital investment has been funded.

Plans for 2015-2016:

During the FY 2015-16, PSDF aims to fund training of 60,000 individuals. It is a challenging task as other funding organization & projects are offering substantially higher direct cash transfer to the candidates. PSDF will continue to work with the researchers to further calibrate its interventions so that the training results in higher returns.

PSDF also intends to design and launch specialised funding product to involve the industry in imparting the skills according to their needs. A greater focus will be placed on involving the employers in the new future schemes. Simultaneously PSDF will continue financing skills training in Agriculture, Livestock and Textile/ Garments sector, rural area focused scheme so that the households' demand expressed in the survey for training in this sector could be met. Growth sectors indicated in Punjab Growth Strategy has already been announced. Working is being done for designing a scheme to increase productivity of agriculture sector. The objective is to give Big Push to the sector. Coordination with GIZ managed TVET Reform Support Project is being done for implementation of the newly developed Competency Based Training curricula. Private sector trainers will be trained with the support of the project to delivery and performance evaluation of trainees. PSDF also plans to develop linkages with micro financing organization so that funding needs of trainees for setting up enterprises can met through various financing options.

During 2015 a financing agreement between World Bank and Government of the Punjab has been signed for training of 50,000 individual (at least 15% females) across Punjab by 2020. The focus of the Project is to increase technical and vocational training in market relevant courses that produce skills needed in the priority economic sectors identified in the Punjab Growth Strategy.

PSDF Sponsors, Government of the Punjab and Department of International Development UK have indicated their intent to scale up PSDF's operations across the Punjab for training of 330,000 poor and vulnerable (at least 40% females) by 2021. The preparatory work for **"Skills Development Programme SDP 2015-2021"** has been started which would be finalized before end of 2015. The trainings would be started by mid-year 2015-16.



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FINANCIAL REVIEW:

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Rupees in Million					
Fixed Assets	9.652	11.380	16.865	24.839	21.395
Intangible Assets	-	0.605	0.608	1.408	1.252
Mobilization Advance	-	10.989	11.458	16.492	5.855
Advances, Deposits and prepayments	0.717	1.126	2.011	2.746	3.311
Tax refunds due from tax authorities	0.009	0.168	0.827	3.424	8.634
Cash and bank balances	19.254	51.740	128.850	712.491	611.797
Total Assets	29.633	76.009	160.618	761.400	652.244
Capital Fund	1.800	1.800	1.800	1.800	1.800
Restricted Funds	10.632	(20.520)	26.148	502.234	195.374
Deferred capital grant	12.154	11.986	17.473	26.247	21.593
Deferred Liability	-	1.130	2.287	4.543	10.861
Creditors, accrued and other liabilities	5.047	81.614	112.910	226.575	422.616
Total funds and liabilities	29.633	76.009	160.618	761.400	652.244
Training Cost	-	320.139	918.854	1,176.367	2,622.087
Monitoring Cost	-	16.243	25.476	19.569	44.463
Advertisement Cost	0.176	9.477	8.283	12.839	25.119
Total Non-Program Cost	5.320	32.325	42.264	65.678	92.840

SKILLS DEVELOPMENT FUND:

During the financial year, the company received 2,370 million rupees under skills development fund component from the sponsors (Government of the Punjab & DFID) in order to meet its expenses related to both program and non-program activities. All costs directly related to the program have been classified and accounted for as program related costs. Costs pertaining to non-program activities include management cost, operating and capital expenditure.

SUMMARY - BUDGET VS ACTUAL COMPARISON				
Description	BUDGET	ACTUAL AUDITED	VARIANCE	VARIANCE
	2014-15	2014-15		
	RUPEES (M)	RUPEES (M)	RUPEES (M)	%
Management cost	72.356	62.912	9.44	13.04
Operating expenditure	34.77	29.90	4.87	14.06
Capital expenditure	24.465	3.026	21.439	87.63
Non program activities	131.591	95.838	35.75	27.17
Program activities	3,098.48	2,691.67	406.81	13.13
Total	3,230.07	2,787.51	442.56	13.70



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Against the total approved budget amounting to Rupees 3,230.07 million for the year ended June 30, 2015 actual cost incurred was Rupees 2,787.51 million leaving us with an unconsumed budget of rupees 442.56 million.

During the year capital expenditure incurred amounting to Rupees 3.026 million against the approved budget of Rupees 24.465 million. This mainly includes acquisition cost of vehicles for Manager HR & Chief Internal Auditor.

Management cost incurred during the year 2014-15 was Rupees 62.912 million against the budgeted amount of Rupees 72.356 million leaving us with an unconsumed budget of rupees 9.44 million.

On program activity actual expenditure incurred during the year under various schemes namely "Skills for Job 2014" "Skills for Garments" "Skills for Market 2014-15" "Skills for Job 2014-15" "Skills for Biogas Plant" and "Skills for Job 2015" & ongoing schemes of 2013-14 was Rupees 2,691.67 million against the approved budget of rupees 3,098.48 million.

Other operating cost incurred during the year 2014-15 was Rupees 29.90 million against the approved budget of Rupees 34.77 million. This mainly includes cost for premises rentals, communication, utilities, printing and stationary, travelling and legal and professional charges.

During the year PSDF has earned profit on deposit amounting to Rupees 49.704 million.

ACCOUNTABLE GRANT:

During the financial year 2013-14 the company entered into an agreement with Department of International Development UK, whereby it shall grant GBP 1.5 million for "Institutional Development" till December 31, 2015. The company received GBP 450,000 during the financial year 2014-15.

AUDITORS:

Quality of financial reporting continues to be of prime concern to the stakeholders-Sponsors, Board of Directors and Management. Therefore, the company will continue to exercise due diligence and care in the selection of Auditors as it had done in the past.

KPMG was appointed as the company auditor for the year 2014-2015 and the same firm has offered to provide its services for the year 2015-2016 as well.

BOARD OF DIRECTORS:

As per Article of Association all Board members shall be nominated by the Government of the Punjab. The composition of the Board shall be as follows.

- (a) Four (04) Directors from amongst the Government Nominated Members
- (b) Eleven (11) Directors from amongst the Civil Society Members, and
- (c) One (01) Director from amongst the Ex-Officio Members.



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BOARD MEETING:

Four (04) meetings of the Board of Directors were held during the year

Sr. #	Name of BoD Member	Designation	No. of Meetings attended
1	Dr. IJaz Nabi	Chairman of the Board	4
2	Mr. Ali Sarfraz	Chief Executive Officer	4
3	Secretary Finance	Director	3
4	Secretary Industries	Director	3
5	Secretary Planning & Development	Director	3
6	Secretary Lives stock	Director	3
7	Ms. Khawar Mumtaz	Director	3
8	Ms. Nadia Jamil	Director	NIL
9	Mr. Faisal Farid	Director	2
10	Mr. Almas Hyder	Director	3
11	Mr. Makhdum Khusro Bakhtiar	Director	NIL
12	Mr. Khawaja Imran Nazir	Director	NIL
13	Ms. Saira Iftikhar	Director	3
14	Ms. Ghazala Rehman	Director	1
15	Mr. Arif Saeed	Director	NIL
16	Mr. Shahid Hafiz Kardar	Director	1

ACKNOWLEDGEMENT :

The Board wishes to place on record its appreciation for the untiring efforts of all PSDF employees in taking the Company forward

On Behalf of the Board

Mr. Iftikhar Ali Sahoo
Director / Chief Executive
Officer

Lahore: October 06,2015