



# PUNJAB SKILLS DEVELOPMENT FUND

**DIRECTORS' REPORT 2019**



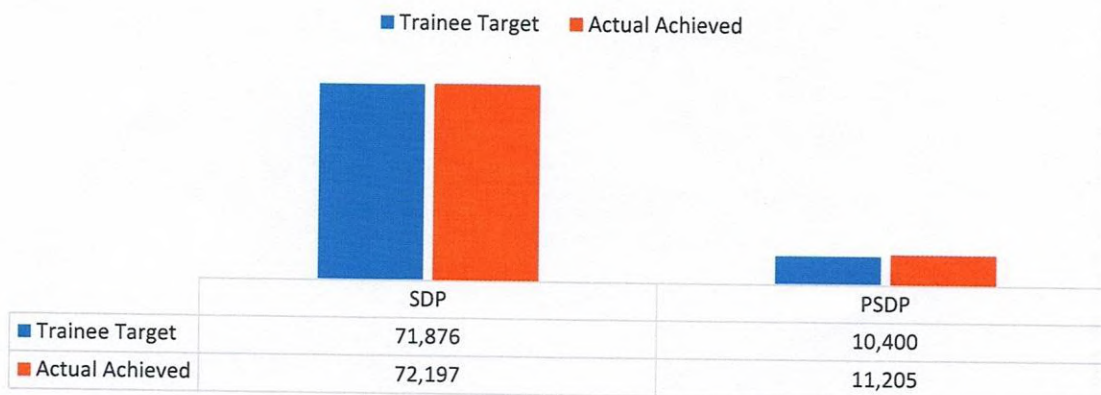
On behalf of the Board of Directors of the Company, I am pleased to present the Directors' Report 2019 together with audited financial statements of the company for the year ended June 30, 2019.

## GENERAL

Punjab Skills Development Fund has actively worked to deliver the business and operational targets for the year 2018-19 and steer the organization on the path to meet its 2021 objectives. Following the success of Punjab Economic Opportunity Program (PEOP), the principal sponsors of Punjab Skills Development Fund, Government of the Punjab (GOP) and Department for International Development (DFID), decided to expand operations across Punjab for the training of 330,000 poor and vulnerable youth by 2021. This commitment of sponsors was formalized through Skills Development Programme (SDP) 2015-2021, which became operational in August 2016.

For the fiscal year 2018-19, Punjab Skills Development Fund successfully funded the training of total 72,197 completed trainees under Skills Development Programme (SDP).

In FY 2018-19, Punjab Skills Development Fund successfully achieved the Disbursement Link Indicator target of The World Bank funded Punjab Skills Development Project (PSDP) i.e. funding of 11,205 graduates in demand-based training in growth sectors against the target of 10,400 graduates across Punjab.





## PERFORMANCE

Punjab Skills Development Fund's operating model is constructed on result-based funding to its Training Service Partners, which are selected through a competitive & transparent procurement process. Training allocations follow a three-pronged approach: geographic, sector, program and training contracts are awarded through a competitive and transparent bidding process. Punjab Skills Development Fund targets poor and vulnerable youth: between the ages of 18-29 years; education attainment levels of grade 8-12; household poverty scores between 20 and 40; and are either unemployed or in unskilled jobs. Punjab Skills Development Fund's inclusion policy ensures 40% beneficiaries are women and non-Muslim youth, transgender community and youth with disabilities.

### Expanding Skills Ecosystem

Training portfolio targets for 2021 can only be achieved if the ecosystem is exponentially expanded with quality Training Service Providers. Punjab Skills Development Fund conducted periodic road shows, personalized sessions and town halls across Punjab with industry players, associations, chambers of commerce and training partners to create awareness about Punjab Skills Development Fund programs and mechanisms to participate. Prequalification was introduced every quarter to expand the ecosystem of Training Service Providers and improve the speed of launching the scheme. The results for 2018-19 of all the efforts are:

- Out of the 365 training partners in the Punjab Skills Development Fund training ecosystem, 94% are from private sector; both for and not-for-profit organisations
- The training ecosystem expanded in the previous year with 59 new Training Service Providers joining in 2018-19
- The existing Training Service Providers added 81 new trades in their existing institutes

It has been a longstanding demand from the industry to add soft skills training components to the existing technical training curricula, in order to improve the job readiness of Punjab Skills Development Fund graduates. Considering the critical nature of Soft Skills, Punjab Skills Development Fund took the initiative of adding 'Soft Skills' competencies within its training modules. Punjab Skills Development Fund developed specialized Soft Skills modules for four trade groups with the highest employer demand covering 18 trades. Detailed guides, training learning materials and assessment tools were developed for trainers. Existing trainers have been trained as 'Master Trainers' on these Soft Skills modules to impart training to future trainers.

During 2018-19, Punjab Skills Development Fund and Generation You Employed, an international not-for-profit skills training expert company, used their expertise to launch two customized training programs: a) Retail Sales Associate b) Microfinance Loan Officer. The curriculum for the trainings was designed using best international practices and making use of techniques such as 'Activity Mapping' which included job shadowing, focus group discussions and mentorship of senior personnel currently involved in the job role, their managers and HR personnel to deliver a demand focused training curricula.

After a successful pilot of 43 Microfinance Loan Officers with 100% employment, an extended pilot of 100 trainees for Microfinance Loan Officer will be completed in January 2020. The Retail Sales Associate program will kick-off in August 2019.

### Industry Leadership in Skills Development

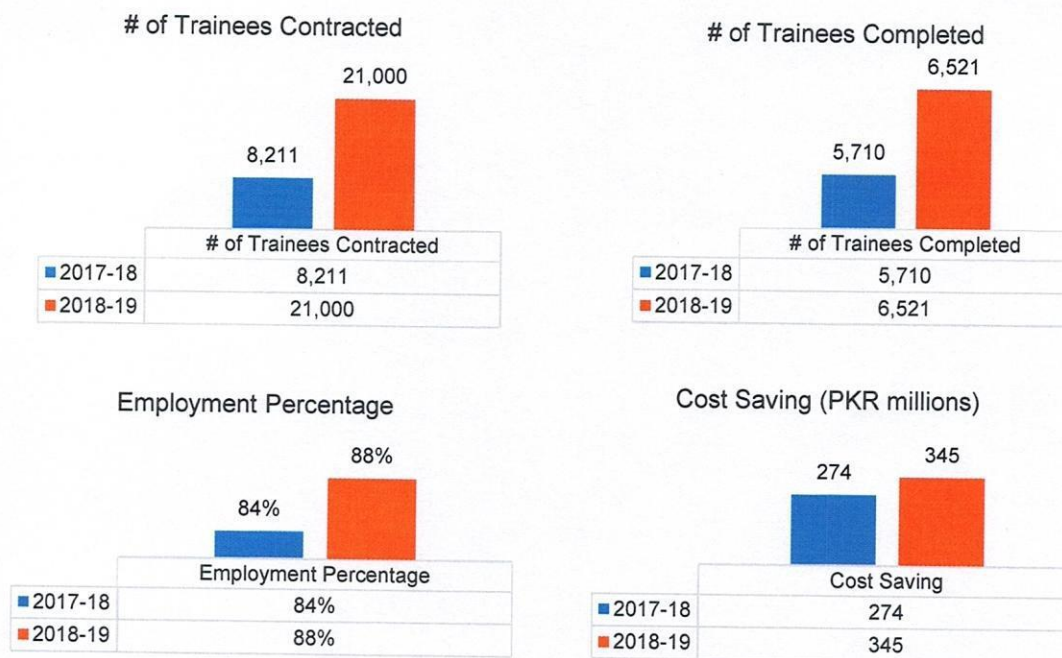
Punjab Skills Development Fund strongly supports deep involvement of industry across all sectors in order to make the trainings imparted demand-driven and market-relevant. i.e. developing and rolling out customized schemes to suit industry needs and actively responding to specific needs through a 'Cost-sharing' basis.



The results for 2018-19 have been strong:

- 178 Training Service Providers within Punjab Skills Development Fund Skills Ecosystem are Businesses/Industry that are training on behalf of Punjab Skills Development Fund and not only employing the trained graduates but also ensuring supply to the rest of the Industry.
- The total number of graduates trained by the industry rose to 29,492 graduates in 2018-19 compared to 18,700 graduates in 2017-18 demonstrating an increase of 58%.
- Within its Partnerships Portfolio, Punjab Skills Development Fund was able to work with 29 Businesses on Cost-sharing basis in 2018 – 19 compared to 23 businesses in 2017-18 & only 3 businesses in 2016-17. The Cost-sharing has been in the range of 50% - 70% contribution from the businesses.

Punjab Skills Development Fund successfully contracted 21,000 trainees under Cost-sharing programs in 2018-19 as compared to contracting of 8,211 trainees in 2017-18 with an increase of 156%. Trainees completed in 2018-19 were 6,521 as compared to 5,710 completed trainees in 2017-18 which was an increase of 14% with confirmed employment of 84% as compared to 88% in current year. The cost saving from this program was PKR 345 million as compared to PKR 274 million in last year.



### International Placements

Punjab Skills Development Fund is playing a leading role in partnering with the best organisations in the Gulf giving the youth from Punjab a chance to build their careers abroad and at the same time helping those organisations meet their skilled workforce needs from Pakistan.

Building upon the success achieved with Rotana Group in the hospitality sector, Punjab Skills Development Fund is very proud to partner with Atlantis, the Palm, the biggest luxury resort in the UAE. This partnership is aimed to provide the beneficiaries of the Punjab access to jobs at the current property of Atlantis and the upcoming Royal Atlantis. A total of 47 candidates successfully completed their three-month training program at Hashoo Foundation for the jobs of 'Guest Valet and Food & Beverages Staff' and are now in the process



of being placed at Atlantis, the Palm. Punjab Skills Development Fund is growing its placement efforts in the Gulf by partnering with other leading hospitality players in the Gulf.

### Women-focussed Trainings

Punjab Skills Development Fund has an aggregate target of 40% women trainings of the total 330,000 trainings that must be completed under Skills Development Programme by 2021. In 2018-19, Punjab Skills Development Fund trained a total of over 35,745 (49%) women from a total of 72,197 graduates. Punjab Skills Development Fund has adopted a results-based approach in achieving training targets for women and has been striving to improve the income generation outcomes for women post training through formal employment and self-employment outcomes and higher incomes through improved productivity. In order to provide self-employment opportunities to rural women, Punjab Skills Development Fund developed a customized scheme for a duration of 12-month titled 'Skills for Market Linkages'. The scheme trained women in technical skills for 'Commercial Tailoring, Hand Embroidery and Adda-work' along with Financial Management Skills and helped them develop Market Linkages for 6 months. More than 3,000 trainees completed their training in this scheme. Phase II of the program is planned to start after the assessment of sustainability of the Market Linkages component.

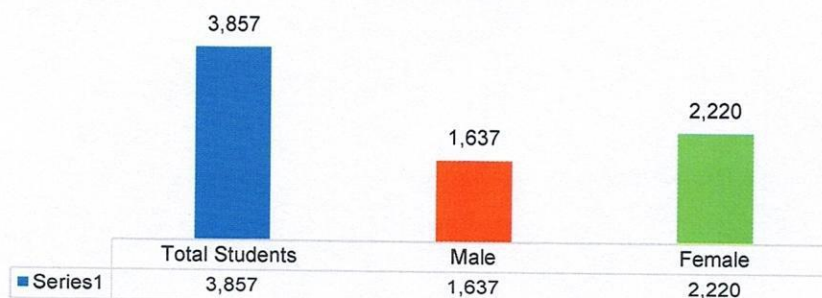
To generate better income through productivity enhancements of livestock animals, "Women Training in Livestock Management Scheme" was launched to cover 27 districts for 32,500 trainees out of which more than 17,000 trainees have completed the trainings so far. Based on the results and impact assessment in terms of increase in yield and income generation, Punjab Skills Development Fund will continue to rollout customized schemes targeted at women.

### Building the Image of Skills Trainings

It is our strong belief at Punjab Skills Development Fund that the dignity and respect for skilled work can only be recognized if the youth is exposed to and engaged in these activities at an early age. In partnership with the School Education Department, Punjab Skills Development Fund decided to reach out directly to the Government owned Higher Secondary Schools graduating classes in order to make them aware and channel them into the Punjab Skills Development Fund-funded training programs. A pilot was designed to reach out to 50 government schools across Punjab and to persuade students to enrol in skills programs linking them to employment. The pilot activity was concluded in 3 districts i.e. Multan, Sargodha and Rawalpindi by tapping 3,857 students while covering 22 Government Higher Secondary Schools and the results from the concluding districts are as follows:

- 3,857 students currently enrolled in the intermediate class attended Punjab Skills Development Fund sessions
- 1,637 (42%) Males while 2,220 (58%) Females participated in the campaign

Government Higher Secondary School Activation





- 98% believed that Vocational Skills Training can provide them with better opportunities to earn
- 98% said that their perception about Vocational Skills have changed after attending Punjab Skills Development Fund's presentation
- 98% said they would recommend Punjab Skills Development Fund sponsored trainings to others
- 98% would like skills training to be imparted at their school
- 90% said Punjab Skills Development Fund's presentation has made them interested in a vocational course
- 97% would like to enrol themselves in Punjab Skills Development Fund funded trainings in the future

Based on the success of the pilot campaign, Punjab Skills Development Fund will be expanding its Higher Secondary Schools Activation Programs across additional 100 schools in Punjab.

### **The Gulf Conference**

Punjab Skills Development Fund hosted its first international conference on October 18, 2018 on "Employment Opportunities for Pakistanis in the Gulf". The subject and theme of the Conference was based on a comprehensive research project on the 'Skilled Employment Opportunities in The Gulf'. The research report was unveiled and distributed at the Conference. The Conference was an achievement for Punjab Skills Development Fund whereby it brought together international experts, policy makers, industry leaders, players from the TVET space, research firms and academia. During the Conference, a broad spectrum of experiences were shared to identify challenges in skill-based employment within Pakistan and abroad and to deliberate solutions and way forward.

The Conference had a turnout of over 200 attendees and marked a triumph for Punjab Skills Development Fund, with over 90% success in terms of effectiveness. The conference not only highlighted Punjab Skills Development Fund's capacity to host a large-scale conference but also exhibited Punjab Skills Development Fund's pursuit of knowledge, especially in the TEVT space.

Subsequently, an Outcome Document was developed that articulated the recommendations and decisions taken during the discussion.

### **Launch of 0800 – HUNAR (48627)**

Punjab Skills Development Fund successfully launched a one stop solution for all queries "0800-HUNAR (48627)". A fully automated Customer Relationship Management System (CRM) has been developed to provide quick answers and solutions to all stakeholders through systematic database and real time reporting.

The benefits of CRM include:

- Enhanced customer service experience
- Systematic lead management
- Real time data insights and analytics
- Effective and timely complaint handling

### **Focus on Human Capital**

Punjab Skills Development Fund has set an ambitious target to become the most modern and progressive organization within the development sector in Pakistan. The first challenge was to operationally transition Punjab Skills Development Fund from a successful project to an organization. After comprehensive organizational redesign, setting up new functions and implementation of HR processes by aligning with best HR practices, Punjab Skills Development Fund doubled its strength. Talent from different corporates and best educational institutions was attracted to fill out 27 positions through a transparent hiring process with attrition rate less than 10%.



The execution work for deployment of Performance Management System and HRIS has been completed in 2018-19. Successful execution of the performance management system on Success Factor was also completed during the same time period. The Company continued to invest in its employees, through capacity building workshops. A dedicated training and development budget is allocated by the board in the Technical Assistance component every year. For the first time, an online library for different international courses was introduced and 20% employees enrolled and passed different certifications and courses relevant to their domain.

A comprehensive Punjab Skills Development Fund values rollout program was launched and 360-degree feedback for senior leadership was introduced including Chief Executive Officer. An independent third-party employee engagement survey was conducted and achieved 82% engagement score as a result of different successful HR interventions.

### Digital Drive @ Punjab Skills Development Fund

- **Digital Stipend Disbursement**  
Punjab Skills Development Fund partnered with Telenor EasyPaisa to facilitate timely disbursement of monthly stipend to trainees directly to their registered mobile numbers enabling them to withdraw their stipend from any of the EasyPaisa shops. (more than 70% is being digitally transferred).
- **Training Service Providers Information Portal**  
A single gateway was developed for Training Service Providers providing them information regarding unverified trainee CNICs, dropouts, violations of business rules and other reports.
- **Benazir Income Support Programme Verification**  
Benazir Income Support Programme verification was integrated into the system identifying the youth lying in the Benazir Income Support Programme poverty score. Verification has enabled TSPs to meet the criteria of targeting the marginalized youth for skills training.
- **Implementation of Invoice Processing System**  
To ensure timely processing of payments for the Training Service Providers, Vendors and Business Partners, an online portal titled, "Invoice Processing System (IPS)" was launched to track and optimize invoice submission and payments. It facilitates Punjab Skills Development Fund partners by giving them visibility of the processing of the invoice and can monitor the status of purchase orders along with invoice submission.
- **Placement Service Portal**  
An online portal has been created for Training Service Providers to report employment. Centralizing all data is making it easier to analyze, approve and report the employment.



## PLANS FOR 2019-20

### Digital verification & validation (DVV) solution

Punjab Skills Development Fund is implementing an end-to-end digital verification of data from NADRA with automatic profile entry of trainee into the Punjab Skills Development Fund Management Information System (MIS), without any manual intervention. It will be based on existing registration of trainee business rules, using portable biometric devices. Furthermore, this solution will facilitate Punjab Skills Development Fund in getting real-time daily attendance of trainees and trainers.

This will also enable Punjab Skills Development Fund to receive acknowledgment of uniforms and bags distributed to trainees currently maintained manually by Training Service Providers. An essential outcome of this project is access to and visibility of live information of stipend disbursed which will help Punjab Skills Development Fund in validating and resolving complaints related to stipend disbursement.

### Business Support System

Punjab Skills Development Fund is working on devising a customized solution that can fulfill its current business needs and at the same time be flexible enough to support Punjab Skills Development Fund's future needs.

After the development of Business Support System (BSS) Punjab Skills Development Fund will have the following benefits;

- Trends, analytics & statistics
- Operational monitoring & control
- End-to-end core business process automation
- Operational agility
- System based workflows
- Return on Skills Investment (ROSI) based on all possible data segments
- Information driven management centralization
- Cross functional standardization
- Configurable role management & business rules
- Provision of Application Program Interface (API)
- Digital dashboard with live facts & figures

### E-Tendering

The objective of procuring the E-tendering solution is to ensure process efficiency, provide equal opportunities to potential bidders, reduce cycle time, promote paperless environment and ensure an error free business award with a complete audit trail.

The benefits of the E-Tendering project are as following:

- **Transparent procurement**  
Ensure procurement procedures conform to Punjab Skills Development Fund's policies & business processes
- **Audit trail**  
100% audit trail of procurement process
- **Reduced costs**  
Leverage volume buying and save costs associated with paper-based systems



- **Transaction speed**  
Simplify the process, increase transaction speed and reduce cycle time
- **Reduced errors**  
To streamline electronic paperwork and reduce margin of error
- **Standardized buying**  
Ensure increased conformity by all departments to company procurement standards
- **Eliminating paperwork**  
Reduction in physical (paper based) submission & evaluation of bids. Records to be saved and stored electronically
- **Business intelligence module**  
Ease out management reporting & analysis
- **Use of technology**  
Increased number of suppliers & enhanced of competition between suppliers/vendors

### Competency Based Training

Competency Based Trainings (CBT) were started in 2019-20 in 5 trades namely; Beautician, Auto-mechanic, Domestic Electrician, Auto-electrician and Motorcycle Mechanic in assistance with 45 Training Service Providers for 725 trainees. The instructors of the Training Service Provider have been trained as the Master Trainers in these five trades. Furthermore, five additional Competency Based Trainings based courses will be starting from January 2020.

### Provision of Online Freelance Courses

In year 2019-20, online courses from world-renowned platforms will be offered to Punjab Skills Development Fund trainees on various demand-driven courses. A hybrid model of online courses and in-house classroom trainings will be used to equip trainees to break through the competitive space of freelance workforce.

### Addition of Soft Skills and Digital & Financial Literacy Modules

For year 2019-20, the plan is to implement the already developed soft skills modules on at least 10% of training portfolio of Punjab Skills Development Fund (Starting from April 2020).

Punjab Skills Development Fund is targeting to develop the digital and financial literacy modules and implement them in at least 10% of training portfolio of Punjab Skills Development Fund (Starting from April 2020).

### Special Inclusion Programs

Under the initiative of Special Inclusion Program, Punjab Skills Development Fund has started working in three major inclusion programs.

- **Skills for Persons with Special Needs**  
Punjab Skills Development Fund has contracted 12 training partners for the training of more than 2,000 special needs trainees over a course of 2 years. Braille learning, Tailoring, Wheelchair Repair and Making, Computer Graphics, Arts and Crafts, Computer Applications are some of the trades that have been offered under this scheme. Enrolled trainees are physically disable; speech, hearing or



vision loss. With the employment commitment of 20%, trainees are motivated for their contribution in the mainstream economic activity after the completion of this training program.

- **Employability Skills for Non-Muslim Youth**

Punjab Skills Development Fund launched an Expression of Interest (EOI) for the "Employability Skills for Non-Muslim Youth" program. A total of 171 training partners submitted the Expression of Interest document and contracts will be awarded by mid November 2019. Classes will start from January 2020. Both Formal Training Institutes and Businesses/Industries have applied in this scheme for the trainee target of 5,000 trainees (40% females) in 2 years, with 20% employment commitment from the Training Service Partners.

- **Training Program for Transgenders**

Punjab Skills Development Fund has taken an initiative with Akhuwat to train a cohort of transgenders' in "Grooming and Makeup Artist". International Fashion Academy of Pakistan (IFAP) is the training partner for the said program that was launched in July 2019. Under the signed MoU with Akhuwat, the students were mobilized with an employment commitment of 60%.

The transgender program will be expanded based on the retention ratio, program outcomes in terms of verified employment and trainee's satisfaction level.

### **Prospects and Financial Sustainability**

Department for International Development funding under the Skills Development Programme will end in June 2021. A no-cost program gestation period extension is underway. Punjab Skills Development Fund is in efforts to mobilise new funds through international donors / financing agencies for skills development. Asian Development Bank will start the due diligence of Punjab Skills Development Fund in September 2019 for the upcoming "Improving Workforce Readiness in Punjab Project".



## FUNDING ARRANGEMENTS

**Skills Development Programme (SDP)** was launched through a contract between the Department for International Development ("DFID") and Government of the Punjab (GOP) on 02 August 2016. Under this Program, technical and vocational skills training will be provided to 330,000 poor and vulnerable people (40% women) across all districts of Punjab to enhance their employment prospects and income. The Program also aims to support institutional development of the Punjab Skills Development Fund, policy, regulatory and institutional reforms in the skills sector in Punjab to improve the quality and market relevance of skills development initiatives. The overall budget of the Skills Development Programme is GBP 127.5 million.

Department for International Development's share is 30% (GBP 38.4 million) of this total amount including both Vocational Training (GBP 31.4 million) and Technical Assistance (GBP 7 million) and GOP will provide funding for the remaining 70% (GBP 89.1 million) of the overall program budget. The contract is for five years and will expire in 2021. The vocational training activities under this agreement were started from October 2016. Department for International Development has contributed GBP 19.338 million equivalent to Rs. 2,850.429 million and Government of the Punjab has contributed Rs. 4,700.000 million equivalents to GBP 33.992 million (as per conversion rate of project document) to the program till 30 June 2019.

**Punjab Skills Development Project (PSDP)** was launched through a contract between The World Bank and Islamic Republic of Pakistan on 30 April 2015. Its core objective was to improve the quality, labor market relevance of, and increased access to skills and vocational training programs in priority sectors in Punjab. As per the Project Appraisal Document, 50,000 individuals (at least 15% females) were to be enrolled out of which 40,000 were planned to be completed by 2020 with total fund allocation of USD 32.200 million under the said Project. Punjab Skills Development has received Rs. 1,079.000 million out of the allocated funds till 30 June 2019.



## KEY OPERATING & FINANCIAL DATA

Particulars	2013	2014	2015	2016	2017	2018	2019
	----- PKR in Millions -----						
Fixed Assets	16.870	24.840	21.395	22.805	50.794	57.226	59.928
Intangible Assets	0.610	1.410	1.252	1.307	1.741	10.643	12.801
Mobilization Advance	11.460	16.490	5.855	-	3.658	2.760	3.936
Advances, Deposits and Prepayments	2.010	2.750	3.311	336.504	72.036	60.182	65.188
Tax Refunds due from Tax Authorities	0.830	3.420	8.634	11.567	16.008	19.872	20.200
Cash and Bank Balances	128.850	712.490	611.797	301.671	1,563.859	1,431.789	677.220
<b>Total Assets</b>	<b>160.630</b>	<b>761.400</b>	<b>652.244</b>	<b>673.854</b>	<b>1,708.096</b>	<b>1,582.472</b>	<b>839.273</b>
Capital Fund	1.800	1.800	1.800	1.800	1.800	1.800	1.800
Accumulated Fund	-	-	-	10.450	32.441	61.861	82.104
Deferred Contribution / Grant	26.150	502.230	195.374	46.556	1,012.815	463.898	(310.201)
Deferred Contribution - Capital Assets	17.470	26.250	21.593	22.232	52.535	67.869	72.729
Deferred Liability	2.290	4.540	10.861	11.885	18.200	26.686	2.122
Creditors, Accrued and Other Liabilities	112.910	226.580	422.616	610.930	590.305	960.358	990.719
<b>Total Funds and Liabilities</b>	<b>160.620</b>	<b>761.400</b>	<b>652.244</b>	<b>703.853</b>	<b>1,708.096</b>	<b>1,582.472</b>	<b>839.273</b>
Training Cost	918.850	1,176.370	2,622.087	2,983.603	1,630.795	3,301.943	3,034.446
Monitoring Cost	25.480	19.570	44.463	52.697	67.454	88.769	113.854
Advertisement Cost	8.280	12.840	25.119	6.312	22.007	27.180	39.282
Non-Program Cost	42.260	65.680	92.840	100.051	128.097	222.889	262.493
Surplus of Income over Expenses	-	-	-	11.047	24.202	29.914	23.358

During the financial year, the company received PKR 2,619.952 million under following projects to meet its expenses related to both program and non-program activities. All costs directly related to the program activities have been classified and accounted for as program related costs. Costs pertaining to non-program activities include management cost, operating and capital expenditure.

Particulars	GoPb	DFID	Total
	PKR in Millions		
Skills Development Programme (SDP)	1,000.00	1,389.952	<b>2,389.952</b>
Punjab Skills Development Project (PSDP)	230.000	-	<b>230.000</b>
<b>Grand Total</b>	<b>1,230.000</b>	<b>1,389.952</b>	<b>2,619.952</b>



Following are the operating results for the financial year 2018-19 and its reasons of variance are explained as follows:

#### SUMMARY - BUDGET VS ACTUAL COMPARISON FY 2018-19

Description	Budget	Actual	Variance	% Variance
Completed Trainees (No. of trainees)	82,276	83,402	1,126	1%
Average Headcount (Count)	104	91	13	13%
<b>Revenue:</b>	<b>-----PKR in Millions-----</b>			
Income Earned on Account of Management fee & Placement services	29.351	21.059	8.666	30%
<b>Cost:</b>				
Program Activities	3,292.453	3,067.554	224.899	7%
Management Cost	177.769	174.363	3.406	2%
Operating Expenditure	76.835	60.140	16.695	22%
Management Fee Charged	29.351	20.685	8.666	30%
Capital Expenditure	53.701	25.112	28.589	53%
Technical Assistance	193.949	130.882	63.067	33%
<b>Total Cost</b>	<b>3,824.058</b>	<b>3,478.736</b>	<b>345.322</b>	<b>9%</b>

#### Revenue

Punjab Skills Development Fund has agreed to recognized management fee from Punjab Skills Development Project @ 7.5% of the amount disbursed, and during this year, Punjab Skills Development Fund has disbursed total amount of PKR 275.800 million and charged the amount of PKR 20.685 million.

Punjab Skills Development Fund has trained 37 microfinance officers through Generation Program. Punjab Skills Development Fund has charges PKR 374 thousand against placements with different Microfinance institutions.

#### Program Activities

Punjab Skills Development Fund has achieved its trainee target for year 2018-19 in both projects; SDP and PSDP. Majority of schemes were budgeted at 70:10:20 ratio (70% regular invoices, 10% on completion and 20% on fulfilment of employment condition) to increase focus on employment commitment. Based on completed schemes it was observed the employment condition was not attaining 100%, therefore, likelihood of payments of final invoices were set @ 50% for industrial training program and 25% for Formal Trainings Programs in the financial statements of the company. Total program variance of PKR 224.899 million, comprises of: PKR 40.234 million due to increase in number of trainees, PKR 200.482 million & PKR 64.653 million due to reduction in average training period and average cost per trainee per month respectively.

#### Management Cost

Management cost incurred during the year 2018-19 was PKR 174.363 million against the budgeted number of PKR 177.769 million leaving us with a savings of PKR 9.869 million due to delay in hiring of human resources as planned.



## Operating Expenditures

Operating cost incurred during the year 2018-19 was PKR 60.140 million against the approved budget of rupees 76.835 million. This mainly includes cost for premises rentals, communication, utilities, printing and stationery, travelling and legal and professional charges.

## Management Fee

Under Punjab Skills Development Project, management fee agreed is 7.5% of amount disbursed by Punjab Skills Development Fund, and Punjab Skills Development Fund has disbursed total amount of PKR 275.800 million and charged the amount of PKR 20.685 million during this year. The same amount has been accounted for as Revenue at entity level. Variance of PKR 8.666 million is due to delay of disbursements of funds.

## Capital Expenditures

During the year capital expenditure incurred amounting to PKR 25.112 million against the approved budget of PKR 53.701 million. This mainly includes Information Technology development cost i.e. PKR 12.320 million and office infrastructure improvement cost PKR 4.557 related to tangible equipment and PKR 3.144 million to intangibles. Main reasons of variances are delays in procurement of Business Support System of PKR 9.986 million, Data Revamping project of PKR 9.000 million and CCTV & Fire alarm project of PKR 4.000 million.

## Technical Assistance

Activities related to Technical Assistance of PKR 130.882 million are executed during the year against the approved budget of PKR 193.949 million. Main deviation was due to delay of following activities of PKR 52.260 million:

<i>TA Activities</i>	<i>Budget in PKR</i>
<i>Hiring of Third Party for Capacity Development of TSPs' Placement Staff</i>	4,000,000
<i>Rapid Assessment of Punjab's TVET Programme</i>	4,800,000
<i>Impact Assessment of Livestock Training Programme</i>	3,200,000
<i>Interventions with CERP on BPRES &amp; Skills for Market Linkages</i>	16,500,000
<i>SDP mid-programme Tracer</i>	15,760,000
<i>Development of Corporate Website and Portals</i>	8,000,000
<b>Total</b>	<b>52,260,000</b>



## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by Public Sector Companies (Corporate Governance Rule 2013) we are pleased to report the following:

- The Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance;
- The Financial Statements, prepared by the management of the company present fairly the result of its operations, cashflow and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable & prudent judgement
- Board recognize their responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored; and
- Appointment of Chairman and other members of the board and the terms of their appointment are in the best interest of the company as well as in line with the best practices.
- Detail of remuneration of Directors, Chief Executive and Executives are disclosed in the note 23 of the financial statements of the Company.
- The value of investments of Punjab Skills Development Fund Staff Gratuity Fund Trust as at June 30, 2019 is PKR 38.159 million.

### Board of Directors

The Board of Directors as at June 30, 2019 consists of following ten (10) directors:

Category	Count	Name
<b>Independent Directors / Non-Executive</b>	1	Dr. Ijaz Nabi
	2	Ms. Ghazala Rehman
	3	Ms. Aqueela Mumtaz
	4	Dr. Naved Hamid
<b>Executive Director</b>	1	Mr. Jawad Zahoor Khan
<b>Government Nominated / Non- Executive Directors</b>	1	Secretary Industries
	2	Secretary P&D
	3	Secretary Finance
	4	Secretary Livestock
	5	Ms. Khawar Mumtaz



Three (03) meetings of the Board of Directors were held during the year:

<i>Sr #</i>	<i>Meeting</i>	<i>Date</i>
1	34th BOD Meeting	November 02, 2018
2	35th BOD Meeting	January 07, 2019
3	36th BOD Meeting	April 12, 2019

And attendances of BOD Members are as follows:

<i>Sr.</i>	<i>Board Members</i>	<i>Position</i>	<i>No. of Meetings Attended</i>
1	Dr. Ijaz Nabi	Chairman of the Board	3
2	Mr. Jawad Zahoor Khan	Chief Executive Officer	3
3	Secretary Industries	Director	3
4	Secretary P&D	Director	2
5	Secretary Finance	Director	3
6	Secretary Livestock	Director	1
7	Dr. Naved Hamid	Director	2
8	Ms. Khawar Mumtaz	Director	3
9	Ms. Ghazala Rehman	Director	Nil
10	Ms. Aqueela Mumtaz	Director	Nil

### Auditors

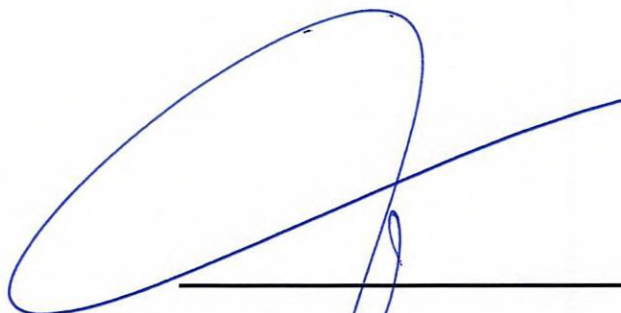
Quality of financial reporting continues to be of prime concern to the stakeholders-sponsors, Board of Directors and Management. Therefore, the company will continue to exercise due diligence and care in the selection of auditors as it had done in the past. KPMG Taseer Hadi & Co. Chartered Accountants was appointed as the company auditor for the year 2018-19.



## ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation for the untiring efforts of all Punjab Skills Development Fund employees in taking the company forward.

On Behalf of the Board



Mr. Jawad Khan

Director / Chief Executive  
Officer

Lahore: November 07, 2019