

# Public Private Partnerships In Punjab Region of Pakistan

A case study for the Dakchyata: TVET  
Practical Partnership project

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## 1. Summary

Key features	
<b>Scale:</b>	Skills strategy aims to train 2m people over 3 years. The Punjab growth plan cites a need for ~1m new jobs per year.
<b>Main policy drives:</b>	Increasing the capacity of the TVET system and improving access to training for disadvantaged groups.
<b>Level of centralisation:</b>	Highly devolved
<b>Level of public private trust:</b>	Good
<b>Link between industrial strategy and TVET strategy:</b>	Good
<b>Quality of monitoring and evaluation:</b>	Good
<b>Areas where PPP applied:</b>	a) National priority sectors and industrial strategy - yes b) Occupational standards development - yes c) Delivery of training and assessment (including on the job) - yes d) Job-matching and placement. - yes
<b>Primary source of public funds for PPP:</b>	Tax and donor funds

- Pakistan as a whole has a highly devolved TVET system, and the regional system covered in this paper (Punjab) is also highly devolved.
- Literature review and references used for this case study suggest that confidence in Federal Government's ability to plan and implement TVET centrally is low, but confidence in the Punjab regional government, and in the public sector is good.
- The main public TVET sector players are commercially focused, however they do also try to address social inequalities.
- Punjab's Skills Development system has many actors with overlapping mandates, each with their own methodology for curriculum development, quality assurance, industry involvement and funding.
- Despite this model and the competition it encourages, there is a willingness to collaborate where possible. This seems to map the complex and plural nature of the private sector.
- TVET is seen as an attractive option by learners and, unlike many other parts of the world, the quality of graduates is not cited as a problem. However, two significant issues exist:
  - Access to training: only those with high General Education outcomes are eligible for entry, typically excluding the poor.
  - Volume of output: Punjab estimates it needs between 0.9 and 1.1 million new jobs per year to keep employment stable, but only has capacity for fewer than 200,000 training places.
- Public and private actors have agreed a Skills Sector Plan to address the issues and this has been achieved without appointing a central apex body. The key features of the plan are:
  - Yet more devolution

- Funding based on a grant/challenge basis which is independent of a national curriculum
- Improved capacity through efficiencies and the introduction of a levy for employers
- Lower barriers to access for poor people and for women.

## 2. Choice of Punjab for this case study

This case study, though based in Pakistan, concentrates on the province of Punjab because:

- Pakistan has a very highly devolved model due to the 18<sup>th</sup> amendment to the constitution which had the effect of removing authority from federal institutions and putting it in the hands of provinces. Each province has a Technical Education & Vocational Training Agency (TEVTA).
- TEVTAs are not obliged to consult national agencies, specifically the National Vocational & Technical Training Commission (NAVTTTC), about their strategies. Increasingly they choose not to do so especially where political party affiliation is different at provincial and federal level.
- There is a widely held belief that the past federal “command and control” approach was unable to adapt quickly enough to changing economic and social realities.
- Of the provinces, Punjab provides a good case study due to very recent investments into the Skills Development sector improving availability of information.

## 3. Social and Economic Landscape and Key Challenges

- In Pakistan as a whole, the TVET sector challenge is large with 21% of the population being between 16-24 years of age and a total population estimated at 201,995,540.<sup>1</sup>
- According to the STEP Employer Survey, 60% of Pakistani firms believe the technical and vocational education and training (TVET) system does not produce enough people with the skills required by employers. However, this does not seem to be a strong message in Punjab where the concerns are primarily concentrated on capacity.
- Demographics in Punjab are driving policy: a youth ‘bulge’ with a 2.7 to 3.25 per cent increase in working aged population each year driving a need for 0.9 to 1.1m new jobs per year to keep employment where it is<sup>2</sup>. Links are made between a failure to do so and rise in crime.
- The market is perceived to exist in two large segments:
  - Low quality generic skills (plumbers, carpenters, electricians) often linked to the informal sector. TVET suppliers often provide these services at low or no cost.
  - High quality skills linked to concrete employment for large and prestigious employers like Shell, Honda and Toyota.
- Quality of jobs: low skill/low quality jobs is suppressing productivity growth (Pakistan lags behind all its peers) and causing an ‘aspiration crisis’ in young adults.
- A focus for the TVET strategy is to train 2m people (probably over three years though this is not stated), requiring a significantly increased capacity.

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<sup>1</sup> Pakistan Demographics Profile, Index Mundi, 2018

<sup>2</sup> Punjab Skills Development Sector Plan, Government of Punjab, 2018

- There is growing interest in TVET providers that can also provide job-matching services or a job guarantee after successful completion of training. A lack of high quality jobs after training is seen as a significant constraint to non-government spending in the skills sector.
- Punjab suffers from low educational attainment from General Education. Fewer than 35% of people have attended school to Secondary standard, a problem that has not been supported by skills development, where there is a low base of skills training – only 12% of the working age population have received skills training.<sup>3</sup>
- Access to valuable skills development training is limited. ‘There is effective training aimed at worker capabilities ... that make hiring enterprises more competitive and therefore more profitable so that they are willing to pay higher wage’<sup>4</sup> though these are only available to people with higher educational achievement, excluding large and important parts of the population.
- High demand for skills training from employers and households (65% of households very willing to send female family member for training, and 78% for male)<sup>5</sup>
- Difficulties in supplying demand-driven training due to some inefficiencies (as assessed in the Skills Development Sector Plan 2018):
  - Educational barriers – General Education equips few people with the entry requirements.
  - Weak integration of ‘soft skills’ and literacy and numeracy – the link between these skills and productivity is clear, but current training fails to integrate them.
  - Foregone employment – unwillingness to attend training at the expense of work.
  - Transport issues excluding women from training.
- Low skills training capacity. Capacity stands at 164,000 (also as assessed in the Skills Development Sector Plan) places in an environment where 0.9 to 1.1 jobs need to be created (and therefore filled) each year.
- A shortage of trainers. Punjab needs 12,500 trainers and currently has a shortfall of 4000.

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<sup>3</sup> Labour Force Survey 2012-13, Pakistan Bureau of Statistics, 2013

<sup>4</sup> Punjab Skills Development Sector Plan, Government of Punjab, 2018

<sup>5</sup> CERP-PEOP Baseline Household Survey (2012), Centre for Economic Research Pakistan, 2012

## 4. Policy environment, current TVET structure and PPPs

- The environment is complex: in parallel to devolution, the national government has a top-down reform programme, driven by GIZ and the EC, to implement systems including capacity building, teacher training, Sector Skills Councils, standards and a qualifications framework.<sup>6</sup>
- Punjab benefits from having a Chief Minister who regards Skills Development as central to both his legacy and electability.
- The Chief Minister, Shahbaz Sharif, is also one of the more effective politicians with an intolerance of corruption and willingness to make decisions which are unpopular in his civil service, and his visible leadership on the subject is driving change.
- The landscape is dominated by the public-sector institutions; however these institutions have links into industry both through their governance structures and their day-to-day operations.
- The four institutions with the most direct influence on TVET PPP:
  - Punjab TEVTA. A large public training provider with more than 350 institutes. TEVTA has, within its governance structure, the Trade Test Board (TTB) which builds and operates assessments for TEVTA training courses.
  - Punjab Vocational Training Council (PVTC). delivers vocational training through its more than 150 institutes. Zakat funds the council.
  - Punjab Skills Development Fund (PSDF) functions as a skills-financing agency managing a fund which is primarily from the UK's Department for International Development (DFID, UK). It primarily funds private training providers.
  - Punjab Board of Technical Education (PBTE) functions as an awarding body, carrying out trade tests and examinations for TEVTA and private institutes. A few hundred private institutes are registered with PBTE.
- These four institutions have inconsistent levels of collaboration, with some overlapping ambitions and functions. Recent plans to put all the agencies under the governance of a co-ordinating sector body (as outlined in a World Bank project procurement notice<sup>7</sup>) have stalled but, despite this, there is an agreement between the agencies on a Punjab Skills Development Sector Plan co-ordinated through Punjab's Planning and Development Department (P&D).
- The Skills Development Sector Plan 2018 is seen as key to the success of the Punjab Growth Plan which is aimed at 'better access to "quality employment" or employment with better income for the citizenry'. It aims to train 2m people.
- The Skills Development Sector Plan is commercial and market-driven in its construction and language.
- The Skills Development Sector Plan addresses:
  - adequate supply of quality training opportunities that are aligned with labour demand;
  - providing low cost access to these opportunities
  - maximizing the return to these opportunities through complementary interventions that improve access to jobs and markets.

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<sup>6</sup> The role of TVET Governance at Sub-National Levels, British Council, 2017

<sup>7</sup> RfP for Technical Assistance to undertake TVET Sector Analysis in Punjab and Creation of new Institutional arrangements, Government of Punjab, June 2017

## 5. PPP Frameworks

### 5.1 Policy

The policy framework is light touch, decentralised and not rigorously enforced. The three agencies which either fund or directly run training (TEVTA, PVTC, PSDF) develop their own curriculum and use of the awarding organisation PBTE is not mandatory. TEVTA has its own assessment and QA body – the TTB. The agencies have overlapping functions and frequently compete. In this fragmented environment, a liberal approach seems to have emerged where the agencies compete to show their relevance to industry and ability to reach people who need to be trained. However, they also frequently collaborate:

- PBTE accredits some TEVTA training
- PSDF has funded training in both TEVTA and PVTC.

The three training or training funding agencies also see international validity as important. Review of their web-sites shows that each has established industry links to multinational companies and has (separately) built collaborations with international skills development companies such as City & Guilds.

This commonality of purpose and ‘coopetition’ has little in the way of formal regulation, but there is a similarity in approach to governance which is marked by:

- Chairmanship by industrialists
- Significant and influential presence of large employers in non-executive positions
- High visibility of employment and employability measures.

Industry is able to influence the strategy of these agencies. Consequently, the more frequently cited problems tend to be less about the quality of the training as the quantity.

## 5.2 Centrally planned PPP – Training boards and links to industry

Though there is flexibility in the mandates of these agencies, they were all set up by the Government, and so are considered ‘central’ for this paper. The table below takes each of the four main agencies in turn to compare their purpose, governance and PPP approach.

**Table 1: a comparison of key TVET institutions in Punjab, sources: TEVTA website<sup>8</sup>, the PVTC website<sup>9</sup>, the PSDF website<sup>10</sup> and the PBTE web-site<sup>11</sup>.**

Institution	Purpose	Governance	Public sector partnerships	Capacity and measures
TEVTA	Vision: to enhance global competitiveness in Punjab, through a quality and productive workforce by developing demand driven, standardized, dynamic and integrated technical education and vocational training service.	Parastatal organisation incorporated by Punjab Gov.  Chairman: Irfan Qaiser Sheikh formerly director of Trading Corporation of Pakistan.  21 board members, 16 of whom are currently in senior roles in industry.	Employer links for: - Apprenticeship work experience - Job placements  A strategic relationship with Private Sector UK-based Skills Development Organisation City & Guilds for: - International credentials - Job matching	Claim 200 000 learners, 96 000 of whom are apprentices.  Punjab Sector Skills Plan, however, says they have 70 000 places primarily in public institutions.  73% trainees were placed in employment in 2017
PVTC	Mission: Use technology to scale up the current capacity with focus on generating employable and exportable manpower creating values for youth. Getting the PVTC brand recognized nationally & internationally.	A PPP to use and distribute Zakat; incorporated by Punjab Gov. as a parastatal.  Chairman: Mr Faisal Ijaz Khan, previously Chief Commercial Officer at a telecoms company and currently also a board member of Pakistan Telecom Mobile.	Public money plus other bursaries and donations including from industry, delivered through public institutions.  Partnerships with employers ensures: - All trainees have an On-the-Job Training (OJT) placement as a part of their programme. - Trainees are actively placed in employment.	54 00 trainees.  63% placed in employment

<sup>8</sup> <http://www.tevta.gop.pk/>

<sup>9</sup> <http://www.pvtc.gop.pk/>

<sup>10</sup> <https://psdf.org.pk/>

<sup>11</sup> <http://www.pbte.edu.pk/>



		16 board members, 8 from industry.	Employers are included in curriculum development.	
PSDF	Purpose: We will shape the future and well-being of our poor and vulnerable youth by giving them access to skills training of the highest standard so they can find sustainable employment and income generating opportunities in Pakistan and beyond.	Not-for-profit private company. CEO: Mr Jawad Khan previously COO of Dubai-based commercial investment firms. 14 board members, 5 from industry	PSDF funds training through existing infrastructure, public or private, project-by-project based on competitive tendering. Bids must show industry links and payment is based on results. .	20 000 trainees in 11 completed projects to date.  Employability measured by project and typically high, though the projects also address social issues so suppressing results when compared with other agencies.
PBTE	Mission: To become a globally recognized qualification awarding body for the assessment & certification of occupational competencies by maintaining a reliable, credible and transparent system equipped with highly committed human capital.	Parastatal organisation incorporated by Punjab Gov.  The board has 9 members, primarily of educationalists including college principals.	The PBTE charges fees for its Awarding Body services.	Publishes test results. Pass rates are typically very high e.g. TEVTA short courses 92% pass rate.

### 5.3 Case studies affecting policy decisions.

The Punjab Skills Development Fund (PSDF) is seen as having been highly effective and much of the methodology has been included in policy changes and plans for the future. Cited features<sup>12</sup>:

The PSDF is a training fund designed to increase the skills training market throughout the province including the high-poverty districts. Its design is a major shift in the delivery of public-funded skills training programs and its model is based on the following:

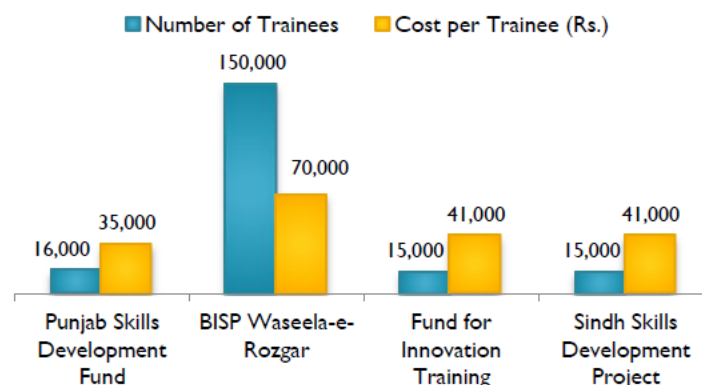
- identifying demand for skills using strong evidence
- competitive performance-based tendering that also helps reach the vulnerable groups of target population
- third-party monitoring to ensure compliance
- rigorous evaluation to allow the program to be modified to increase access to skills trainings and to maximize returns from these trainings.

PSDF ensures that public-funded skills training is relevant to demand: it has made extensive use of detailed surveys to change the menu of skills training that is available. In addition, it has developed a framework of engaging with employers through cluster-based employer engagements and by establishing of an employer registry.

One example of this is the Skills for Garments scheme developed by PSDF. It was designed by identifying the skills needed by the garments sector, by using cluster-based employer workshops where garments manufacturers' input was utilized to design the training program. These employers were then used directly as trainers and training providers to bring their best practices to the program.

The PSDF model is cost-effective: the skills training provided by PSDF is cost-effective due to transparency, ongoing third-party monitoring and independent yearly financial audits. The testing services are outsourced to national and international accredited certifying agencies.

**Figure 1. PSDF cost-effectiveness: Comparison with four skills programs [from other regions of Pakistan]**



<sup>12</sup> Punjab Skills Development Sector Plan, Government of Punjab, 2018

## 5.4 The future of PPP

A large-scale reform programme was commissioned by Government of Punjab, with funding from World Bank, in order to address a perceived lack of co-ordination and to address the policy issues. This included sweeping changes to the agencies currently dominating TVET and a greater level of co-ordination through:

- A new Apex Body –Punjab Skills Development Agency (PSDA) to act as an apex body for all agencies
- The PSTA – a Testing Authority to provide third-party validation of work (actually derived from PBTE and will an additional agency merged into it).

The commissioning of this has taken over a year and is currently stalled. During this time, the agencies have started to work even more closely together, and it is likely that policy going forward will be co-ordinated in a single plan agreed by the parties. Some limited change in mandate in agencies, particularly TEVTA, will remove some of the conflicts.

## 6. Funding

The way in which Skills Development is funded varies according to the institutions carrying it out. Leaving aside the pure private sector, the approach by each agency is:

- TEVTA receives funds from government and other agencies, primarily covering capital costs. Students, or their parents, pay a fee which is seen as improving the perception of value without causing undue barriers to entry. Typical fees would be less than US\$2 per month<sup>13</sup>. Some value add programmes are offered through the network, for example international qualifications, and a ‘top-up’ fee will be charged.
- PVTC uses a similar approach to TEVTA except the underlying subsidy is from Zakat funds released by the Government’s department for Zakat.
- PSDF uses UK Government DFID funds which are allocated to projects on a grant basis and released against performance. Performance is often measured in numbers of people qualified to a certain level.
- PBTE charges a fee for its services, but also appears to be in receipt of funds from government.

Going forward, the Skills Development Sector Plan 2018 outlines an approach to funding is likely to change in order to support the increase in capacity and quality needed:

- A levy to be charged to employers. Approach is not clear in the strategy paper.
- Greater use of Grant/Challenge type funds:
  - Using PSDF as its model, particularly use of payment on outcomes
  - Opening grant access to private institutions (not just TEVTA)

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<sup>13</sup> <http://www.tevta.gop.pk/>

## 7. Implementation

### 7.1 Quality Assurance

There is a complex picture of Quality Assurance, however it does seem to be recognised that assessed outcomes and certification, in particular, needs validation from an organisation with some legitimacy. Taking TEVTA as an example, it has several choices for Quality Assurance regime, each of which operates a roughly similar model of accreditation for institutions, assessment production and quality assurance:

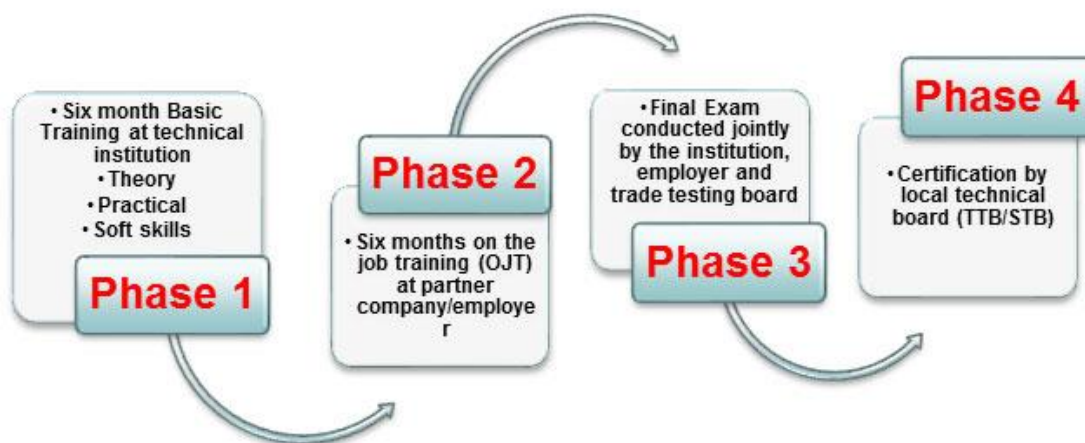
- Use of its in-house agency TTB to accredit training institutions, build assessments and quality assure the outcomes.
- Use of PBTE in its capacity as Awarding Organisation
- Use of external agencies such as City & Guilds.

There is currently no statutory requirement to use any of these, nor does their choice affect their ability to access funds.

Competency Based testing is being instituted across Pakistan after a strong strategic direction by NAVTTC and an EU funded programme run by GIZ.

TEVTA's Cooperative Vocational Training Programme (CVT) as assured by TTB provides a good example. CVT is a training programme modelled on the German dual system and uses on the job training and assessment.

**Fig. 2. Assessment and QA for TEVTA's Cooperative Vocational Training Programme.<sup>14</sup>**



<sup>14</sup> <http://www.tevta.gop.pk/gpati.php>

## 7.2 Curriculum development

As with QA, each of the main institutions has its own method of developing curriculum:

- TEVTA – engages directly with industry for broad areas of training need, then either works with industry on curriculum or seeks standard curriculum from international bodies.
- PVTC – engages directly with industry, for instance Honda, or works through its network of training institutions which are organised regionally through Institute Advisory Boards. Each vocational institution falls under a District Board of Management which is charged with understanding training needs at a district level and proposing courses and curriculum to the PVTC head office.
- PSDF – does not develop curriculum directly, but does fund projects which use curriculum from a wide variety of sources. They require that the target industry has supported the selection of curriculum used in the project.

## 8. Lessons learned

The lessons learned from the last few years of Skills Development operation are probably best summarised by listing the key changes which are outlined in the Punjab's Skills Sector Plan. At the highest level it seems clear that some important trends will continue:

- Devolution. Not only will independence from the federal NAVTTC be maintained, but greater devolution to regional levels will be given, provided that actors can show relevance to the labour market, increase capacity and decrease barriers to access for poor people and for women.
- Flexible funds. PSDF's ability to fund on a challenge/grant basis is seen as effective, and this includes flexibility to use programmes and curriculum from both the public and private sectors without the imposition of a standard curriculum.
- International credentials. All the main institutions cite plans to either increase international validity of their programmes/certification, or to adopt programmes and certificates that already have international validity. This is to improve mobility of their nationals, and to attract foreign investment.

The central features of Punjab's strategic programme going forward are:

- an incentive framework for employers to directly contribute a part of the cost of skills training. Frameworks under consideration: employer levy, innovation grant fund for government co-investment.
- Knowledge partnerships to standardise information on industry demand: including setting up Industry Sector Skills Councils (ISSCs) and greater use of surveys
- Increasing Supply of Skills Training in Under-Served Priority Sectors, Value-Chains and Clusters. Typically using challenge/innovation funds.
- Integrating 'Soft Skills', maths and communication into the curriculum

- Some restructuring of the Skills Development organisations:
  - Removing some overlap in mandate
  - decentralized delivery of skills training backed by performance-based grants and further PPP arrangements.
  - performance-based competitive grants financing model in PVTC
- increased engagement of purely private sector training providers, currently less than 20% of capacity.
- A series of initiatives to decrease barriers to accessing training, particularly for the poor and for women.
- The Government will encourage TEVTA to identify 'sick' institutes and use PPP Management Models – Management Contracts, Rehabilitate-Operate-and-Transfer (ROT) or Rehabilitate-Own-and-Operate (ROO) – to hand over the running of these institutes to private sector institutions.

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