



# Improving the Labor Market through Skills Development in Bangladesh

**B**angladesh experienced a steady rise in gross domestic product (GDP) growth from 2003–2007 with an annual rate of more than 6% compared with 5% over the previous period.

Despite higher economic growth, employment grew at a relatively slow rate of 1.6% per annum since the 1990s. At the aggregate level, agriculture is still the largest sector of employment providing jobs to 22.8 million compared with 6.9 million in industry and 17.7 million in the service sector in 2006.<sup>1</sup> With the labor force growing faster than employment potential, the number of unemployed persons increased over time reaching 2.1 million in 2006. Although the official unemployment rate is low at 4.2% in 2006, it does not provide a real picture of the supply–demand balance including the degree of inefficiency that prevails in the labor market.

In a “labor surplus” economy such as Bangladesh, the developments in the labor market are crucial to bring desirable changes in growth possibilities and meeting the poverty reduction goal. To achieve such process of growth, public policies and investments need to ensure that economic growth is inclusive such that it generates more income and employment for the poor. In particular, a key challenge is to expand decent employment opportunities through both wage and self-employment to absorb the growing labor force. Consequently, an important agenda is to address one of the key issues in the country’s labor market which is skills development.

Enhancement of skills can be achieved through education and training. Technical and vocational education and training (TVET) can have a significant contribution in providing skills for employment opportunities. It provides practical job skills specifically

to those who dropped out of school early and are already of employable age, as well as to the unemployed and underemployed adults. The national poverty reduction strategy (NPRS) of Bangladesh recognizes the potential contribution of TVET in reducing poverty while supporting economic growth.

### Skills Development Programs in Bangladesh: Key Issues and Opportunities

Skills development can be broadly divided into two areas: education and pre-employment training; and employment retraining and skill upgrading. Skills development programs can be generally designed by governments and delivered by both the public and private sectors. While such programs exist in Bangladesh, many of them, however, suffer from several aspects:

- *Supply-driven training programs.* Government agencies are financed with little or no account taken of emerging needs of the labor market. Performance criteria are rarely used to judge systems, which have little incentive to adjust to labor market demand. Curricula have often been devised over many years and left unevaluated.

**The project will initiate reform-oriented processes of technical and vocational education and training system operations to make it more demand-driven, flexible, and oriented to serving the poor and disadvantaged.**

- *Limited involvement of private sector.* There is usually little interaction with employers or unions, even in advisory capacity.
- *Lack of student choice.* Students may be streamed toward technical and vocational education training from a young age. Few students are able to change stream or progress to post-secondary education. Higher education may retain features of elitism with graduates employed in government positions but ill equipped for private sector enterprise.

These failures lead to a lack of labor market credibility in skills development. Employers have doubts about the quality of graduates and, more often, about the certificates that are issued by schools and technical or vocational training centers. The TVET is sometimes perceived as a second-class form of education and training compared to general education. Furthermore, a major weakness of the current TVET system is its lack of linkage with and, therefore, relevance to the labor market, i.e., the formal industry subsector, informal self-employment subsector, and international employment. The system's capacity to meet the needs of the labor market is relatively small. Employers are looking for more workers who can meet their semi-skilled and skilled requirements. The outputs of the TVET system and the needs of the employment sectors are mismatched in at least three areas: trades or occupations where programs are offered, competencies acquired do not meet industry or self-employment requirements, and practical experience opportunities for students. The practical component of the curriculum is not effectively instructed. The majority of TVET teachers lack pedagogical training and practical skills, and have no industrial experience. In addition, TVET institutions have poorly equipped workshops; and lack teaching and training materials, and adequate classrooms and workshops.

The formal TVET system provides limited opportunities to the primary target beneficiaries, particularly students from poor families and other disadvantaged groups. Successful completion of class (or grade) 8 is required for entry into formal TVET programs in the secondary school certificate (vocational). As a result, majority of the poor are excluded. The main clientele of TVET are young adolescents who complete grade 8, can afford to stay more years in school, and have strong white-collar job aspirations.

The National Poverty Reduction Strategy (NPRS) calls for a reform of the TVET system to it more market-responsive; address training needs of the underprivileged that do not complete grade 8; collaborate with the private sector and nongovernment organizations (NGOs); and make its training programs more flexible in terms of duration, curriculum, and students' academic qualifications, among others.

## Skills Improvement Through TVET

The Asian Development Bank (ADB) provided a loan assistance to Bangladesh for the Skills Development Project in June 2008. The project will adopt a market responsive approach and will have the following outputs:

- enhanced relevance of and access to TVET programs,
- improved capacity for good quality TVET delivery, and
- delivery of relevant skills training.<sup>2</sup>

To enhance the relevance of TVET, the program will support the

- establishment of partnership with industry;
- development of competency and training standards;
- development of curricula, teacher guides, learning materials, and assessment tools; and
- capacity development in external competency assessment.

The disparity between the educational system and the labor market will be addressed by the project through the development of a proper TVET system that is easily accessible, relatively inexpensive for the majority, and relevant to labor demand needs. While the government has the important role of designing a strategy in this area, private sector enterprises have to be heavily involved in the identification process of labor demand needs and delivery programs.

Specifically, the project will initiate reform-oriented processes of TVET system operations to make it more demand-driven, flexible, and oriented to serving the poor and disadvantaged. The pilot model on public-private sector collaboration will establish formal and informal employment markets, thus minimizing the mismatch between labor supply and demand. Moreover, the development and use of competency standards approved or recognized by the industry will introduce a new approach to the TVET system to give more value to actual competencies acquired than to traditional qualifications.

In addition, the project will help increase access to skills training for the larger segment of Bangladesh's population. The development of short, modular competency-based training (CBT) courses will provide greater flexibility in duration and required student academic qualifications. Offering training programs not necessarily requiring grade 8 for enrollment will expand the access to the TVET system to those that did not attain this level of education, many of whom are poor. Training workshops in selected poor communities will make training more accessible. Thus, the project will open TVET institutions to a larger number of trainees in short CBT courses, most of whom would have been denied access because of the grade 8 requirement for entry.

Revitalization of the two public TVET teacher training institutions will support an expanded teacher training needs of the government TVET sector, and those of private and nongovernment training providers. In-service training of TVET teachers addresses the immediate need of TVET providers to provide untrained teachers with both pedagogical and technological skills. Consequently, this will contribute to improving the quality of skills training delivery.

To increase the delivery of relevant skills training, the project will support the delivery of skills training (market-responsive skills training) needed in the labor market and in poor communities.

In general, the expected impact of the project will be an increased wage- and self-employment of skills training graduates. The project will likewise support the NPRS of reducing poverty and promoting economic growth by providing market-relevant skills training to more Bangladeshis, including the poor and disadvantaged.

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## Endnotes

- <sup>1</sup> Key Findings of Labor Force Survey 2005–06, Bangladesh Bureau of Statistics, Ministry of Planning, Government of the People's Republic of Bangladesh, 2008.
- <sup>2</sup> ADB. 2008. *Report and Recommendation of the President to the Board of Directors on the Proposed Skills Development Project in Bangladesh (RRP: BAN 39408)*. Manila.

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