



# SKILLS FOR EMPLOYMENT

## Policy Brief

# FORMULATING A NATIONAL POLICY ON SKILLS DEVELOPMENT

Countries at all levels of development are finding that adequate education and skills can improve the employability of workers, the productivity of enterprises and the inclusiveness of economic growth. This realization has led to increased interest in the formulation of skills development policies to drive the change necessary to meet development challenges. Many of these policies, increasingly broad in scope and outreach, are underpinned by efforts to bring the world of education and training and the world of work closer together.

This brief looks at why national skills policies matter, what they can achieve, and the key principles of effective policy development, implementation, and monitoring and evaluation.

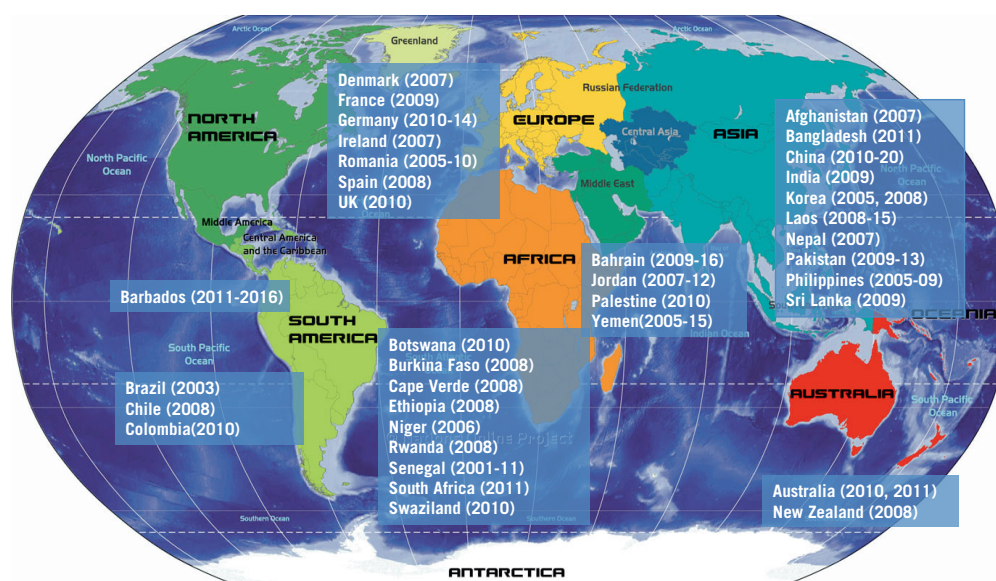
aware that if their countries are to gain or maintain their status as high-income countries, they must produce the higher value-added, higher quality goods and services that can yield higher wages and profits. To do this they need a skilled workforce and an education and training system that adequately prepares young people to enter the labour market. This imperative runs alongside current rethinking on the pattern of economic development which seeks not only rapid but also inclusive growth. Many countries are concerned about and committed to achieving social equity, social inclusion, poverty alleviation and peace.

The policy that grows out of this increased interest in skills development as an important means of addressing economic, social and developmental concerns is usually called a National Policy (or Strategy or Plan) for Skills Development, TVET (technical and vocational education and training), HRD (human resources development) or Lifelong Learning. The policy is separate from, though often linked with, general education or labour policies. It focuses not only on young people who have completed their formal schooling, but also on adult workers, school drop-outs, workers in the informal economy and disadvantaged groups. For examples of countries that have recently adopted such policies, see figure 1.

### Why is a national skills policy important?

Skills development is attracting heightened interest in many countries. The challenges that are driving the interest are economic, social and developmental. Many policy-makers are

Figure 1. Selected countries' recent skills policies and strategies around the world



Notes: This map refers to those countries which have recently adopted - dates adopted in parentheses - a separate and dedicated policy (or Strategy or Plan) for: Skills Development, TVET, Human Resources Development or Lifelong Learning.

The ILO supports skills development to improve the employability of workers, productivity of enterprises and the inclusiveness of economic growth.

The skills challenges that have led to a focus on policy, especially among low- and middle-income countries, are as follows:

- **Skills mismatch.** Skills obtained through training and those required by the job often do not match, resulting in skills shortages in some areas and, simultaneously, a surplus of workers with skills that are not in demand, contributing to unemployment.
- **Limited involvement of social partners.** Many countries lack the active participation of employers' and workers' organizations that is essential to ensure the provision of relevant and appropriate training.
- **Poor quality and relevance of training.** Weak quality assurance, too few or poorly qualified trainers, poor working conditions for trainers, and outdated qualifications, curricula, training materials and methods all inhibit the quality of training. Limited labour market information and inability to translate such information into improved training undermines relevance.
- **Limited access to training opportunities.** The outreach of formal training is often very limited, especially where distances are great and political unrest prevails, the informal economy looms large, and literacy and educational levels are low – all factors that leave a large number of people with few or no employable skills. Women and disadvantaged groups often face additional barriers in accessing training.
- **Weak coordination in the system.** A large number of actors and providers (ministries, agencies, central and regional governments, NGOs, employers and workers) are involved in skills development. Their efforts often overlap and are not well coordinated, especially in developing countries. Weakness in linking skills supply and demand also limits positive impact on employment and productivity.

## What can be achieved by developing a national skills development policy?

The arguments for formulating a national skills development policy, as opposed to merely improving “programmes” of skills development, can be summarized as follows:

- **To bring coherence to the system.** A national policy presents a common vision of the skills system that a country is aiming to build.
- **To facilitate coordinated and planned actions and reforms.** The policy disseminates a set of required changes to be pursued in order to achieve the vision of the skills system in a coordinated manner. A national policy is conducive to a more holistic response to human resources planning that draws together the various government agencies and providers of education and training.
- **To facilitate policy coordination and coherence.** A national policy helps to clarify how skills development efforts

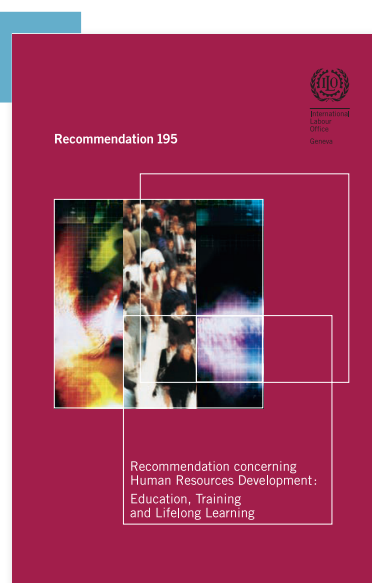
fit in with and are an integral part of employment and other broader developmental objectives. It also helps to avoid contradiction or duplication of other related policies.

- **To clarify institutional arrangements.** Development of a national system often requires new institutional arrangements that provide clear leadership and responsibility for key elements of the system.
- **To anchor existing good practice.** A national policy facilitates continuous commitment to and promotion of good practice.
- **To pledge political and collective will and commitment.** A national policy enables reforms to be achieved with clear statements of responsibility shared among government, the social partners and other partners.

## What are the key principles of a sound skills development policy?

The ILO's Recommendation No. 195 (2004) provides policy guidelines on human resources development, education, training and lifelong learning. The key messages are:

- Skills development is the **shared responsibility** of government, employers and individual workers, with social partners playing a critical role.
- Skills are fundamental to, but not sufficient for, gaining decent jobs: linking skills with employment opportunities and decent work is critical, and **skills need to be an integral part of economic growth and employment strategies.**
- **Lifelong learning** is an important goal to be pursued via specific programmes.
- **Equal opportunities** for education and training must be provided to all, including those engaged in the informal economy.



An ILO review of country experiences (ILO, 2008) shows that countries that have succeeded in **linking skills development to improved employability, productivity and employment growth** have directed their skills development policies towards meeting three objectives:

- matching demand and supply of skills;
- maintaining the employability of workers and the sustainability of enterprises; and
- sustaining a dynamic process of development.

The key message is that skills development should not be seen, or provided, in isolation. It is a means to promoting decent work, improving productivity, generating employment growth, and promoting economic and social development. Coordination with other policies and strategies (e.g. national development strategies, sector growth strategies) is therefore critical.

### How can these key policy principles be incorporated in national skills policies?

A national policy presents directions for reform, puts in place appropriate institutional mechanisms, and modifies or introduces schemes to support the agreed priorities.

#### **Shared responsibilities**

Recommendation No. 195 suggests that government is primarily responsible for pre-employment training, while employers are responsible for further training and individual workers for making use of opportunities for education and training. One way of elaborating this key aspect of a national policy is to suggest specific policy actions, for example, mechanisms and incentives to secure the active engagement of social partners. They may include:

- promotion of a **sector-based approach** to skills development (e.g. through sector skills councils or the equivalent);
- strengthening of **workplace learning**, including apprenticeships or other forms of on-the-job training;
- **public-private partnerships**,<sup>1</sup> including joint management of training institutions and joint delivery of training, involving the public and private sectors and NGOs in improving outreach.

#### **Improved matching of skills demand and supply**

The skills development system needs to be responsive and relevant to labour market needs, with good coordination between demand for and supply of skills. To this end, the policy should support active and regular engagement of the social partners

<sup>1</sup> Various types of public-private partnerships have been used in skills development. For more discussion, see ILO, 2011 (forthcoming).

**Box 1. A skills strategy to trigger a «virtuous circle»**  
“[D]evelopment strategy based on improved quality and availability of education and training can engender... a virtuous circle in which skills development fuels innovation, productivity increase and enterprise development, technological change...and competitiveness that are needed to sustain and accelerate the creation of more and better jobs.” (ILO, 2008, p. 2.)

to reflect their needs in planning and delivering skills (through the various mechanisms indicated above). Other means of improving skills matching include:

- improving mechanisms for **anticipating skills demands** (current and future) and disseminating the information to inform policy making and the planning of training;
- **integrating strategies** that embed skills development within broader development strategies (e.g. industry sector development, local economic development, youth employment);
- strengthening **quality assurance** in delivering training, through benchmarks and criteria for providers, and certification systems that increase the value of qualifications and certificates;
- enhancing **employment services** to improve the matching of jobs and skills, the collection and provision of labour market information (i.e. job opportunities and skills requirements), and the linkage of that information with training;
- **more flexible training provisions** in respect of both content and delivery (to include, for example, modular-based, part-time, on-the-job and/or mobile provision), possibly within a system that grants institutions greater academic and managerial autonomy while retaining centralized quality assurance and funding.

#### **Skills as an integral part of broader policies**

Coordination is crucial to effectively linking skills development with employment and productivity growth. Some countries have integrated skills development in national economic development strategies (e.g. Costa Rica, Ireland, Korea, Singapore), in sector development strategies (e.g. Australia, Bahrain, Canada, Netherlands, South Africa, UK) or in local economic development strategies (e.g. Nepal, Mozambique). Policy coordination can take place at any or all of these levels. For examples, see boxes 2 and 3 further on.

#### **Equal opportunities**

Meeting skills demands means extending training opportunities across all segments of society. The policy can include actions

for identifying barriers to access and introducing measures to improve access by target groups (such as women, rural communities, disadvantaged youth, people with disabilities). It is important to reflect their diverse needs and constraints. Measures to achieve this can include:

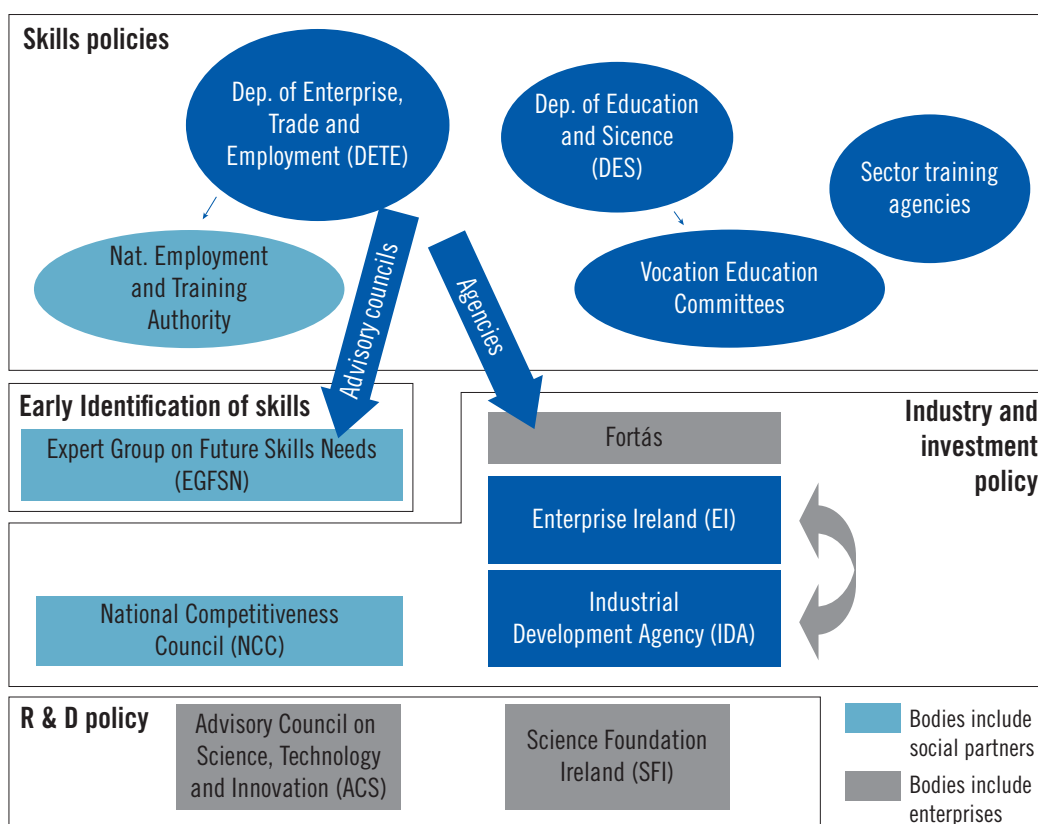
- improved information and monitoring mechanisms on access by target groups;
- adjustments to training programmes (content, modes, facilities), or provision of targeted training;

- provision of basic education and core skills;
- training of trainers (for sensitization and specialized training);
- increased coordination and collaboration with specialized agencies and NGOs;
- greater advocacy of benefits and opportunities of skills development for the target groups;
- increased financial and other support for these groups.

### Box 2. Ireland: Improved matching of skills demand and supply through policy coordination and shared responsibilities

Ireland's skills, industrial, labour market and research policies are interconnected through a network of interlinked organizations and an institutional framework that enables effective policy coordination between policy areas. The social partners are important informants, consultants and sustainers of the process.

The Expert Group on Future Skills Needs (EGFSN) was set up in 1997 by the government to monitor all sectors of the Irish economy and to identify current or future skills shortages. Its board includes representatives of government departments, the social partners, scientific and research institutions, and education and training authorities. The EGFSN, together with the National Training and Employment Authority (FAS), which is responsible for the provision of training and employment services, "translates" the information produced by the skills identification system into skills development. The EGFSN also advises the ministries responsible for education and enterprise development, trade and employment, thereby contributing to policy coherence in the skills development system. Despite the recent financial crisis, the essence of the institutional arrangements for coordinating the demand and supply of skills remains to be strong to date.



Note: In 2010 the Department of Education and Science was renamed the Department of Education and Skills. In 2011 the Department of Enterprise, Trade and Employment was renamed the Department of Jobs, Enterprise and Innovation.  
Source: ILO, 2008, pp. 123–5.

### Box 3. Singapore: Tight coordination between skills and economic growth strategies

Period	Economic strategies	Skills development strategies and initiatives
1965 to late 1970s	<b>Low-cost assembly, light industry: employment intensive manufacturing</b> (mostly by attracting foreign direct investment in this sector)	<ul style="list-style-type: none"> <li>• Strong focus on building basic education</li> <li>• Vocational education and training led by the Technical Education Department of Ministry of Education</li> <li>• Establishment of joint training centres with multinational corporations (Tata, Rolles, Phillips), backed by Economic Development Board, Ministry of Trade and Industry</li> <li>• Establishment of a national training authority</li> </ul>
Late 1970s to mid-1980s	<b>Shift to high value-added manufacturing:</b> automotive components, machinery and machine tools, medical instruments, chemicals and pharmaceuticals, precision engineering products, advanced electronic components	<ul style="list-style-type: none"> <li>• Vocational stream added to secondary schools</li> <li>• Manpower planning initiated</li> <li>• Joint bilateral technical institutes established (with Japan, Germany, France)</li> <li>• National Technological Institute established</li> <li>• Levy-based Skill Development Fund created (1979)</li> <li>• National Productivity Board created (1983)</li> <li>• Major push to upgrade skills of workers</li> <li>• On-the-job training introduced</li> </ul>
1990s to 2000 and beyond	<b>Towards sustained economic competitiveness and national prosperity</b> Singapore Manpower 21	<ul style="list-style-type: none"> <li>• Emphasis on intermediate skills</li> <li>• Strengthening of polytechnics (science and engineering)</li> <li>• SPRING programme to promote workplace learning</li> <li>• Emphasis on key core skills</li> <li>• Singapore Skills Recognition System (2000)</li> <li>• Singapore Workforce Development Agency (2003)</li> <li>• Singapore Workforce Skills Qualifications Framework (2005)</li> </ul>

Some countries (e.g. South Africa and India) have opted to set benchmarks for the inclusion of disadvantaged groups, while others (e.g. Sri Lanka) have developed dedicated national strategies for improving access to skills development opportunities for these groups.

### What are the key principles for the process of policy development?

Another critical aspect of policy development is the process of policy-making. The process affects not only the quality of content but also the level of consensus on and commitment to the policy and its implementation. The following paragraphs set out some key principles of sound policy formation in this context.

#### **Social dialogue and social partner involvement**

- Given their primary role in linking skills development with employment and economic growth, the involvement of workers and employers is essential.
- The input of other key stakeholders (e.g. training institutions, civil society groups, experts) is also critical.

### Box 4. The G20 Training Strategy: A skilled workforce for strong, sustainable and balanced growth

The G20 Training Strategy, developed by the ILO in partnership with other international organizations and with employers and workers, extends the outreach of ILO strategy. In the wake of the global financial crisis of 2008, G20 leaders pledged to support robust training strategies to meet the challenges of fostering strong, sustainable and balanced growth, both nationally and globally. Drawing on a wide range of international experience, the G20 Training Strategy articulates essential elements of skills development policy and specifies the following key building blocks for its implementation: anticipating skills needs; participation of social partners; sectoral approaches; labour market information and employment services; training quality and relevance; gender equality; broad access to training; finance; and assessing policy performance.

Source: ILO, 2010.

### **Consultative and inclusive, yet with leadership**

- The process should be consultative, to raise awareness of skills challenges in the country, develop possible solutions and achieve consensus on joint action.
- The process should be inclusive, involving coordination among all ministries and agencies engaged in skills development, and other relevant ministries, including finance for resource allocation.
- It is nevertheless critical to identify a lead agency or ministry as responsible for overall implementation, reporting, monitoring and evaluation (e.g. the national apex agencies for skills development or TVET).

### **An informed but locally grounded approach**

- The starting point for policy development should be grounded in the particular conditions, existing institutional setting and skills challenges of the country, rather than in an ideal model that is out of step with reality.
- Policy-makers should be well informed about international good practice and, to the extent that such data exist, be based on sound evidence regarding the challenges to be addressed by the policy.
- Policy design should be based on a realistic assessment of its feasibility, including the level of commitment of the key stakeholders.

### **All efforts should be underpinned by continuous research**

- Policy development and review should be supported by continuous research into various aspects of human resources development (including identifying skill needs, learning and training methodologies, identification of bar-

riers for accessing training, and international best practice) as indicated by the ILO's Recommendation No. 195;

- Continuous monitoring and evaluation of the policy's impact will provide key inputs for policy review.

### **What are the key measures to ensure effective implementation of the policy?**

However comprehensive and good it may be, a policy is only as good as its implementation. Experience suggests that the following elements are essential to effective policy implementation:<sup>2</sup>

- setting achievement targets and milestones within a fixed timeframe;
- identification of a lead agency, or ministry, for implementation with clearly defined responsibilities;
- clear implementation plans at multiple levels (e.g. national, state/province and institutional);
- assessment and, if necessary, improvement of the fit between existing institutions and mandates and the policy, and, if applicable, their capacity building in implementing the policy;
- identification of a key institution for monitoring progress;
- allocation of adequate budgetary and other resources, and a plan for resource mobilization;
- institutionalization of monitoring and evaluation mechanisms;
- sustained political commitment and leadership.

<sup>2</sup> Drawn from ILO technical assistance work in the member States.

#### **Box 5. Consultative skills policy formulation in India**

A year-long consultative approach involving multiple partners and institutions led to the birth of India's first National Policy on Skills Development in February 2009. A national consultation in February 2008, jointly organized by the Ministry of Labour and Employment (MOLE) and the ILO, discussed the main findings from research on skills challenges faced by India and the policy options for overcoming these challenges. The broad range of stakeholders consulted included ministries involved in skills development, trade unions, employers, academics, training providers, UN organizations, practitioners and experts. The relevance of a skills policy to overall development strategy was repeatedly highlighted.

As the outcome of the consultation, the need for the national policy was affirmed and four multi-stakeholder committees were set up to spearhead its formulation.<sup>1</sup> An ILO expert, either from within or outside the country, is assigned to each of the committees to provide technical guidance. The four committees met in April 2008, in parallel sessions, to deliberate and contribute to drafting the policy.

A further intensive process of consultation comprised: (1) posting the draft policy on the websites of the MOLE and Solution Exchange (a joint UN programme) to elicit wider public input; (2) separate consultation meetings with various ministries involved in skills development and social partners; (3) a second national consultation in May 2008 to discuss the updated draft; (4) separate consultations with the state governments in June 2008; and (5) the preparation and circulation of a "Note for the Cabinet" to all concerned ministries and departments in September 2008. The revised draft was further updated in response to inputs received from the Prime Minister's National Council on Skills Development and the National Skill Development Coordination Board. The policy was approved by the government in February 2009.

<sup>1</sup> These covered, respectively: governance, policy and active involvement of social partners and other stakeholders; quality assurance, the national qualifications framework, certification systems and management information systems; skills training for the unorganized sector, equity and access, and lifelong learning and skills training for the knowledge economy; and financing of skills development/training.

## Monitoring and evaluation mechanisms

Monitoring and evaluation (M&E) enables policy implementation and the impact of the policy to be objectively assessed. To this end, the policy should include provision for mid-term review, final review, and an impact assessment (normally a few years after the final year of the policy) to capture long-term effects.

Methodologies range from ad hoc tracer or impact studies of particular skills programmes to periodic assessments of overall policy implementation based on agreed achievement indicators. A rigorous, but also resource-intensive, approach combines:

- assessment by external, independent institutions;
- multi-year assessments against agreed achievement indicators;
- both quantitative and qualitative assessments; and
- assessments in relation to the multiple objectives of the policy (e.g. policy impact on not only economic but also social and equity concerns).

Effective M&E is highly beneficial but can pose significant challenges. In the Asia-Pacific region, the least developed countries are generally the weakest in terms of conducting M&E on training programmes. While the majority of countries conduct M&E to keep a record of the completion of programmes, much fewer conduct tracer or follow-up studies to assess the impact on employment.

It is important to acknowledge that it takes time for a new policy and new systems to become fully operational and start producing the expected results. While numerical indicators make it easier to communicate the policy's impact to the public, over-emphasis on achieving high numerical targets can undermine quality and effectiveness.

### Box 7. South Africa: Experience and reflection on using numerical indicators to monitor progress and achievements

South Africa is unique in its strong focus on redressing racial inequality in accessing and obtaining skills. The country aims to build a demand-led skills development system by taking a sectoral approach based on a network of Sector Education and Training Authorities (SETAs). The National Skills Development Strategies (NSDSs) have guided the development of such a system with clear numerical success indicators, especially equity targets. However, the recent policy dialogue over the third NSDS cautioned that the numerical targets adopted in previous versions were too rigid to adequately reflect economic conditions in different sectors.<sup>1</sup> Emphasis is accordingly now being given to Sector Skills Plans (SSPs), which will be developed by each SETA and will map out detail implementation plans and success indicators, taking account of sector-specific situations and needs.

### Box 6. United Kingdom: Monitoring of policy implementation by social partners in the UK

The Leitch Review undertaken in December 2006 sought to identify the skills mix most likely to maximize economic growth, productivity and social justice, and recommended a major reform of government policy, incorporating achievement targets, with the aim of making the UK a world leader in skills by 2020. The government response to the review in its World class skills report of 2007 provided the new policy framework.

The review assessed the effectiveness of the existing key institutions and recommended structural changes. Sector skills councils were strengthened and relicensed. The UK Commission for Employment and Skills (UKCES), led by representatives of employers (both large and small enterprises), trade unions and the voluntary sector, was set up in 2008. One of its key tasks is to monitor the performance of the skills system. Implementation has been:

- guided by clear achievement targets;
- funded with significant budgetary allocations (including an annual budget of £3 billion for further education and training for adults);
- closely monitored by a parliamentary committee and UKCES;
- continuously improved and adjusted: for example, UKCES publishes an annual progress report with recommendations and milestones to be achieved before 2020; the strategy document *Skills for sustainable growth* sets out the policy direction for the current government.<sup>1</sup>

<sup>1</sup> UK Commission for Employment and Skills, *Ambition 2020: World class skills and jobs for the UK* (London, 2009, 2010); Department for Business innovation and Skills, *Skills for sustainable growth: Strategy document, full report* (London, Nov, 2010).

Examples of the proposed indicators are:

- progress on promoting equity (on the basis of class, race, gender, age, disability and HIV/AIDS status);
- broad targets of numbers to be trained by occupational level;
- proportion of young learners and the employed to be trained.

In addition, specific targets are to be set for large, medium and small firms in developing and submitting Workforce Skills Plans and claims on the National Skills Funds.

<sup>1</sup> Department of Higher Education and Training, Republic of South Africa, *Framework for the National Skills Development Strategy 2011/12–2015/16, first draft for consultation, 29 April, 2010.*

## Summary

Countries around the world are increasingly recognizing that a well-defined national skills development policy is vital for sustainable and balanced growth. Most importantly, it provides direction and focus to the skills system. By developing a national skills policy a country can, among others, bring coherence to the system, facilitate coordinated reforms, and clarify institutional arrangements. The key principles of a sound skills development policy are shared responsibility; integration into growth, employment and other development strategies; providing support to life-long learning; and, promoting equal opportunities for education and training. This brief indicated several ways by which these principles can be incorporated in national skills policies.

Policy development should be founded on social partner involvement, consultative and inclusive but with leadership, locally grounded and relevant, and underpinned by research. However a policy is only as effective as its implementation. Setting achievement targets, developing clear implementation plans and identifying a lead agency or ministry responsible for implementation are important. Advocacy and financial support for target groups will ensure that there is sufficient uptake of new programmes. Finally, a good M&E system allows the policy to be objectively assessed and provides feedback for future policy reforms.

Skills are fundamental for individual employability and national competitiveness; a sound and well balanced skills development policy can assist a country in achieving those objectives.

### Key ILO resources

*International Labour Office (ILO), 2011 (forthcoming). Report on the ILO/Japan SKILLS-AP regional workshop and study programme on addressing skills mismatch through public-private partnerships, Feb.*

— 2010. *A skilled workforce for strong, sustainable and balanced growth. A G20 training strategy (Geneva, ILO).*

— 2008. *Conclusions on skills for improved productivity, employment, growth and development, International Labour Conference, 97th session (Geneva, ILO).*

— 2004. *Human Resources Development Recommendation, 2004 (No. 195) (Geneva, ILO).*

### Further information:

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