

TVET REFORM PROJECT DISCUSSION PAPER

INDUSTRY SKILLS COUNCILS

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This paper sets out a rationale and proposal for the establishment of a network of Industry Skills Councils (ISC) in Bangladesh.¹

Background:

The establishment of a network of ISC was first proposed in the 2008 Action Plan of the National Skills Development Council (NSDC) which called for the 'establishment of industry led, sector based and agricultural public-private skills development working groups with government as facilitator and incentiviser'. This proposal reflects ongoing international interest in the mechanisms by which industry provide input into technical and vocational education and training systems (TVET).

In Bangladesh, the initial NSDC recommendation for a network of industry skills working groups was further refined through the development of the draft National Skills Development Policy prepared during 2009 and finalized by the government in 2010. In the section dealing with a strengthened role for industry in skills development, the national policy recommends that:

"industry should be organized on sectoral lines to provide specific advice on occupations and skills in demand, and to identify key skills project priorities for their sector. Government and industry will implement these arrangements through a network of tripartite Industry Skill Councils (ISCs)." (ILO, 2009, p. 17)

This recommendation, and the proposed terms of reference for ISC, drew on the experience of the TVET Reform Project, which since 2008, established and provided operational support to ISC in four priority industry sectors:

1. Leather & Leather Goods;
2. Agro-Food Processing;
3. Information Technology (IT); and
4. Transport Equipment.

These ISC were established as tripartite committees, involving representatives from employers, workers and government. They have endorsed a terms of reference to guide their operation (see Annexure 1) and have become active to varying degrees in the activities of the TVET Reform Project.

The development of a network of ISC type bodies has also been progressed through the Skills Development Project. Whilst initially identified in project documents as Sector Working Committees (SWC), a further three industry skills bodies have been established with the same terms of reference developed by the TVET Reform Project. It is expected that once these SWC are fully operational they will also be named as ISC. These ISC are being established in the three priority sectors for the Skills Development Project, namely:

5. Building & Construction;
6. Light Engineering; and
7. Ready Made Garments (RMG).

On the basis of these two major TVET projects, seven ISC have been established. The four ISC established by the TVET Reform Project have been operating with varying success since late 2008. Of those, the two more successful ISC have grown to include the major industry associations in their sector and include representatives of key government agencies involved in skills development. Both the more successful ISC have also been formally established under the corporations law by incorporation in new industry centres of excellence which have been established in both the Leather and Agro-Food Processing sectors. Of the less successful ISC, Transport Equipment has struggled to secure key industry representatives and develop a clear action agenda, perhaps due to the limited alignment with recognized industry groupings and supply chain arrangements. The IT ISC has also not

¹Throughout this paper, the term industry refers to all sectors of business activity including agriculture, services and what has traditionally been called industry in Bangladesh, the sectors of manufacturing, construction, mining and power.

been particularly active, perhaps due to the limited role of TVET in that sector. Of the three ISC being established through the Skills Development Project, it is too early to report on the success or effectiveness of these bodies as they are still in the formative stage.

Despite the mixed success of the first industry skills councils, the ISC concept remains of interest to industry more broadly in Bangladesh, with clear and significant support shown by key industry bodies, including the Bangladesh Employers Federation (BEF) and the Federation of Bangladesh Chambers of Commerce & Industry (FBCCI).

However, any review of these first ISC, or the establishment of further ISC, should be guided by a clear policy on how many ISC should operate and which industry sectors they will be responsible for.

ISC Coverage:

In Bangladesh, as in other countries where similar industry skills bodies are operating, ISC should by definition cover all sectors of business activity including agriculture, services and what has traditionally been known as 'industry' in Bangladesh, sectors such as manufacturing, construction, mining and power. It should also be noted that in Bangladesh, ISC scope will include both the formal and informal economies.

It is worth noting however, that the public sector, which accounts for more than 2% of the workforce, does not need to be explicitly accounted for in an ISC network due to the existence of the National Training Council (NTC), which fulfills the role of an ISC for the public sector workforce only. For the private sector however, clear policy on the number and scope of ISC should be agreed by government and industry.

Whilst the Bangladesh Standard Industrial Classification system (BSIC) is a useful framework to clarify ISC scope, the contribution of different industry sectors to the Bangladesh economy in terms of employment, export performance and contribution to GDP should also be considered.

In 2008-09 the major export sectors were:

- RMG (41.4%);
- Knitwear (38.2%);
- Frozen Foods (3.0%);
- Jute & Jute Goods (2.3%);
- Home Textiles (2.1%); and
- Leather Goods (1.2%).(MCCI, 2009)

For the same period, major contributors to GDP were:

- Agriculture (20.2%);
- Manufacturing (17.8%);
- Wholesale & Retail (14.4%);
- Transport Storage & Communication (10.8%); and
- Building & Construction (9.2%).(MCCI, 2009)
- Agriculture, Forestry & Fisheries (22.8%);
- Trade, Hotel & Restaurant (7.8%);
- Manufacturing (5.2%);
- Transport Storage & Communication (4.0%); and
- Community & Personal Services (2.6%); and
- Building & Construction (1.5%).(BBS, 2008)

Whilst a direct comparison between sectors using these indicators is difficult given the predominance of a limited number of manufacturing sectors in export performance and the use of different industry groupings, the data remains informative for the purpose of determining ISC scope. However, the number and scope of ISC also needs to take account of available resources to support ISC operations, the capacity for government to interact with multiple industry bodies and the existing patterns of industry representation in Bangladesh.

Given the above, Table 1 below outlines how each industry and economic sector can be covered through a network of ISC. The proposed network takes into account the data presented above and reflects groupings of industries with some common features eg: manufacturing. BSIC codes are used to provide a clear indication of the different industry sub-sectors that would be covered by each ISC.

It should be noted that as is the case in other countries with ISC type bodies, representation from seemingly diverse industry sectors can be managed through the use of sector specific sub-committees.

The proposed groupings also presumes cooperation between ISC where specific occupations in one industry will involve some skills and competencies relevant to other industry sectors.

BSIC Category	BSIC Group	Covered by Existing ISC ²	Covered by expanding the scope of existing ISC	Covered by a new ISC
A. Agriculture, Hunting and Forestry	1. Agriculture, hunting and related service activities		Agro-Food Processing	
	2. Forestry, logging and related service activities		Agro-Food Processing	
B. Fishing	1. Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing		Agro-Food Processing	
C. Mining and Quarrying	1. Mining of coal and lignite; Extraction of peat		Agro-Food Processing	
	2. Other mining and quarrying		Agro-Food Processing	
D. Manufacture	1. Manufacture of food products and beverages		Agro-Food Processing	
	2. Manufacture of tobacco products			Manufacturing
	3. Manufacture of textiles		Garments & Textiles	
	4. Manufacture of wearing apparel; dressing and dyeing of fabric		Garments & Textiles	
	5. Tanning and dressing of leather; Manufacture of luggage, handbags, saddlery, harness and footwear			Leather & Leather Goods
	6. Manufacture of wood and products of wood, except furniture; Manufacture of articles of straw and plating materials			Manufacturing
	7. Manufacture of paper and paper products			Manufacturing
	8. Publishing, printing and reproduction of recorded media		IT	
	9. Manufacture of coke, refined petroleum products and nuclear fuel			Manufacturing
	10. Manufacture of chemical and chemical products			Manufacturing
	11. Manufacture of rubber and plastic products		Light Engineering	
	12. Manufacture of other non-metallic mineral products			Manufacturing
	13. Manufacture of basic metals		Light Engineering	
	14. Manufacture of fabricated metal products except machinery and equipment	Light Engineering		

²Includes those being established under the Skills Development Project

	18. Manufacture of Radio, Television and communication equipment and apparatus			Manufacturing
	19. Manufacture of medical precision and optical instruments, watches, and clocks			Manufacturing
	20. Manufacture of motor vehicles, trailers and semi-trailers		Transport	
	21. Manufacture of other transport equipment		Transport	
E. Electricity, Gas & Water	1. Electricity and gas supply production, collection and distribution of electricity		Building & Construction	
F. Construction	1. Construction	Building & Construction		
G. Wholesale and retail trade; Repair of motor vehicles and motor cycles, cycles rickshaw and personal house hold goods	1. Sale, maintenance and repair of motor vehicles and motor cycles, cycles rickshaw; Retail sale of automotive fuel		Transport	
	2. Wholesale trade and commission trade, except of motor vehicles and motor cycles			Wholesale & Retail
	3. Retail trade, except of motor vehicles and motor cycles; Repair of personal and household goods			Wholesale & Retail
H. Hotels and Restaurants	1. Hotels and restaurants			Hospitality & Tourism
I. Transport, storage and communications	1. Land transport, transport via pipeline		Transport	
	2. Water transport		Transport	
	3. Air transport		Transport	
	4. Supporting and auxiliary transport activities; Activities of travel agencies			Hospitality & Tourism
	5. Post and telecommunications		IT	
J. Financial Intermediation	1. Financial Intermediation except insurance and pension funding			Business & Finance
	2. Insurance and pension funding, except compulsory social security			Business & Finance
	3. Activities auxiliary to financial intermediation			Business & Finance
K. Real estate, renting and business activities	1. Real estate activities			Business & Finance
	2. Renting of machinery and equipment without operator and of personal and household goods			Wholesale & Retail
	3. Computer and related activities		IT	
	4. Research and development			Business & Finance
	5. Other business activities			Business & Finance
L. Public administration and defense; Compulsory social security	1. Administration of the state and the economic and social policy of the community		NTC	

M. Education	1. Education			Business & Finance
N. Health and social work	1. Health and social work			Community Services & Health
O. Other community, social and personal service activities	1. Other community, social and personal service activities			Community Services & Health
	2. Activities of membership organizations n.e.c			Community Services & Health
	3. Recreational, cultural and sporting activities			Community Services & Health
	4. Other service activities			Community Services & Health
P. Private household with employed persons	1. Private household with employed persons			Tourism & Hospitality

Table 1: Proposed and Existing ISC Coverage by BSIC Grouping

Conclusion:

On the basis of this assessment the following renamed ISC are proposed to reflect their current and possible future industry sector coverage:

1. Primary Industries & Food;
2. Garments & Textiles;
3. Manufacturing;
4. Leather & Leather Goods;
5. Building & Construction;
6. Community Services & Health;
7. Transport;
8. Information & Communication Technology;
9. Business & Finance;
10. Wholesale & Retail;
11. Tourism & Hospitality; and
12. Light Engineering.

This list of ISC is proposed as an interim arrangement with the understanding that the scope and operation of ISC should be reviewed at regular intervals. The list represents a pragmatic resolution of the current situation, where ISC have been established in a somewhat ad hoc fashion before a more systematic assessment of coverage such as that attempted in this paper. Consequently, it may be that in the future, the continued operation of independent ISC for Leather & Leather Goods and Light Engineering may not be feasible.

However, it should be noted that the configuration of ISC networks are influenced by many factors including in particular, the enthusiasm and commitment of industry. There are international examples of how ISC representing large industries do not necessarily function more effectively than those representing smaller and in some cases unorthodox groupings.

Regardless, it is hoped that this paper will generate discussion amongst key stakeholders about the scope and coverage of ISC in Bangladesh.

References:

- BBS. (2008). *Bangladesh Labour Force Survey*. Dhaka: Bangladesh Bureau of Statistics.
- ILO. (2009). *Bangladesh Draft National Skills Development Policy*. Dhaka: International Labour Organisation.
- MCCI. (2009). *Bangladesh Economy 2008-09*. Dhaka: Metropolitan Chamber of Commerce and Industry.

Annexure 1: Terms of Reference:

The following TOR has been developed to guide the initial operation of the councils. ISCs will undertake to:

General Tasks:

1. Monitor and review skills development practices in the industry sectors and identify and overcome deficiencies;
2. Develop industry specific skills development policies and practices;
3. Develop industry's capability to deliver in the skills training and upgrade their employees in order to improve productivity and enhance the welfare of employees;
4. Provide leadership and strategic advice to the TVET system on skills development needs and priorities for those industry sectors covered by the committee;
5. Support the delivery of industry relevant training and/or professional development programs for TVET teachers;

Specific Tasks

1. Advise key government TVET agencies on the industry sector demand for skills;
2. Identify priority occupations in the sector and provide inputs to prepare competency standards and course curriculum
3. Advocate and facilitate workforce development activities in industry;
4. Develop sector skills development plans as required on a regular basis;
5. Contribute to the development and review of skills standards and qualifications and participate in the development and review of new training curriculum;
6. Support the strengthening of industrial apprenticeship programs; and
7. Develop partnerships with TVET providers and support improvement of TVET programs in schools, colleges, industry and enterprises.