SKILLS DEVELOPMENT AND POVERTY REDUCTION: A STATE OF THE ART REVIEW

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1. Introduction: Skills, poverty and development

The purpose of this state of the art review is to assess what is currently assumed and believed about the relationship of skills development to poverty reduction, and to place that in historical perspective. There will be a particular attempt, where possible, to examine what is known about skills in rural areas. This task is made more complex by the fact that both 'skills development' and 'poverty reduction' are neologisms; they have not been in common parlance for much more than a decade. Arguably, skills development as a concept does not have much salience yet, and particularly with the national policy community and with the professional constituencies of vocational and technical educators.[1] Skills development is a term that is more employed by development agencies, but it is noticeable that many of these agencies no longer have technical or vocational specialists on their staff. And poverty reduction is also largely a donor term; indeed it has become a core part of the mandate and vision of many such agencies as we suggested above. It has been routinised through the poverty reduction strategy paper (PRSP) process, which can be seen as a new kind of aid conditionality.[2]

The intention in this review is to suggest insights that may be derived from the wider, but complex, policy and research literature which may prove helpful for new thinking about skills development both in the developing and in the poorer transition economies.

Before we turn to examine the particular relationships between skills and poverty reduction, we need to locate our task within a wider development context and discourse. The present attempt to discern a connection between skills and poverty is part of a much larger targeting of poverty by the donor community. The origins of this poverty discourse lie in the reactions to the structural adjustment policies of the 1980s and the need for these to have a human face, and for there to be safety-nets for the poor. These latter policies led to a full-blown targeting of poverty reduction as the mandate of development agencies. This was confirmed with the emergence of the international development targets – the first of these aiming that 'the proportion of people living in extreme poverty in developing countries should be reduced by at least one-half by 2015' (OECD, 1996: 9). It is worth noting that there was no growth target set by the OECD's Development Assistance Committee, even though it was admitted that its prime poverty target could not be met without substantial economic growth.[3] This international development target was translated into the first of the Millennium Development Goals (MDGs) at the Millennium Summit of September 2000.

The poverty focus of what may be called the world's development agenda and its targeting of minimal goals for social development in primary education, gender equality, basic health care and family planning have led to a major preoccupation of the development community with service delivery rather than with growth, productive capacity, or with wider development policy frameworks (King, 2005d). The consequence of this targeting of poverty and of minimal standards of social development has been that, for many donors, basic education alone out of all levels of education and training was picked out as having a priority role in poverty reduction.[4] We shall return below to look in some detail at the impact of this international targeting on other levels of education,[5] but the dominance of the poverty discourse amongst donors meant that it became necessary to rationalise and legitimate other development goals – such as higher education, enterprise development or skills development – in terms of their close connections to poverty reduction.

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[1] In the *International Encyclopedia of Education* (1994), there were some 40 articles on the topic of technical and vocational education and training; only one used the term 'skills development' in its title (see 'Taxonomies of Skill Development' by Benson, 1994). Today the main English language journals in Europe covering the world of skills development are *The Journal of Vocational Education and Training*, *The European Journal of Vocational Training*, and *The Journal of Education and Work.*

[2] For example, the first policy document on Kenya which was primarily concerned with a poverty assessment was no earlier than 1996 (Narayan and Nyamweya).

[3] 'This (poverty target) implies significantly increased rates of per capita economic growth. However, growth rates will vary among countries and we have concluded that a global growth target would be neither feasible nor useful to the formulation of country strategies' (OECD, 1996:10).

[4] The OECD DAC document actually claimed a link to growth for universal primary education, but it has been the assumption about the connection with poverty reduction that has prevailed: 'The attainment of basic literacy and numeracy skills has been identified repeatedly as the most significant factor in reducing poverty and increasing participation by individuals in the economic, political and cultural life of their societies' (OECD, 1996: 10).

[5] For a wide-ranging critique of international targets in education and training, see King and Rose, 2005.

What has not been given sufficient attention in the current preoccupation of donors with poverty reduction is the empirical question of whether those countries such as China and others in East and South-East Asia which have so dramatically succeeded in reducing poverty have done so by targeting poverty reduction. It has been argued by Mkandawire (2005) that none of the most successful cases of late industrialising countries were focused on poverty. Rather they were focused on an overall development policy framework. In this connection, it is worth noting that both of the latest comprehensive international development reports – the UN's Millennium Project Report (UN, 2005) and the Commission for Africa (2005) – share the Asian view that the route out of poverty must follow a path of really major investment in physical infrastructure, market access, trade and technology policies, holistic education and capacity development, and the creation of an enabling environment for the private sector, in both rural and urban areas.

In our own pursuit of the state of the international debate about skills and poverty reduction, we need therefore to bear the historical emergence of this poverty discourse in mind. We shall, nevertheless, examine what is currently known about these skill-and-poverty-reduction relations, but towards the end of our analysis, we shall return to this very basic initial question of whether in the world's most successful cases of poverty reduction, skills development was just one of a series of instruments for increasing productive capacity, economic growth and employability. But we shall also need to bear in mind Santosh Mehrotra's comment that these successful cases had made a demographic transition early on in the process. This is not the case with the poorest countries today. In addition, technology was changing much less fast in the 1950s and 1960s than it is now.[6]

2. A brief history of approaches to TVET and skills development and to concepts for attacking poverty

We look first at the early history of the concepts around skill and then attempt a periodisation of the changes in policies towards poverty and growth.

When we turn to the more specific conceptual predecessors of skills development - technical and vocational education and training (TVET), and industrial and agricultural education – they have had a very controversial history. At different historical periods, both in colonial regimes and in metropolitan countries, they have been thought to be particularly relevant to subject peoples and to lower classes respectively and to the less academic pupils in both contexts (King, 1971; 1991). In one sense, therefore, these subjects and courses were aimed at the poorer classes and colonised peoples, not so much to reduce their poverty but to secure for them a necessary but subordinate future in those particular societies. There was a quite different perspective on the role of vocational education in the countries of the former Soviet Union, because of the close ideological link between TVET employment and production, as Grootings has argued:

The vocational education system was administratively linked to an employment system which discouraged mobility of all kinds, favoured manual skills over intellectual ones in terms of payment, based promotions on political rather than professional criteria… (Grootings, 1994: 6642)

The history of vocational education and training (VET) in what are now called the transition countries was therefore vastly different from that in the former colonial countries; nor was the colonial experience of vocational and technical training the same for the British, Spanish, Portuguese and French empires. For one thing, in the former Soviet empire, the close link of VET to employment meant that there was a direct connection to what the World Bank now regards as the main highway from poverty.[7] Indeed, the *World Development Report 2005* argues that jobs are the main source of income for people - and the main pathway out of poverty for the poor (World Bank, 2004b: 136).

Within the Anglophone tradition, it only needs a reference to three sources, the Phelps-Stokes Commissions (Jones, 1919; 1924), *The School in the Bush* (Murray, 1929), and 'The vocational school fallacy' (Foster, 1965) to make it clear that there have indeed been huge controversies surrounding vocational and academic education right up to independence. We won't review, except very briefly, the lessons of these here, but in many ways they anticipated many of the controversies

[6] Santosh Mehrotra, communication 7.11.05

[7] Of course, the difficulty of admitting the presence of unemployment in the Soviet Union meant that many people had jobs which were more notional than real.

that have been discussed over the past 25 years. For instance, it is often said there is a convergence evident between the academic and the vocational in Europe today (World Bank, 2005a; Raffe, 2003); but as long ago as 1929 it was being argued that there was a fundamental similarity between good quality vocational and good liberal education.

Like de Moura Castro today (1999), A. Victor Murray argued that a good quality vocational education made 'use of physical means as an approach to the world of mind and spirit. An education in words alone is necessarily an imperfect education' (Murray, 1929: 208). And Foster (1965), in one of the most well-known articles in the history of comparative and international education, argued that it was a fallacy to think that the aspirations of large numbers of poor rural (and urban) children could be altered in favour of farming (and staying in the rural areas) by changing the school curriculum in favour of vocational education. Even though Foster was able persuasively to show that 'the idea that children's vocational aspirations can be altered by massive changes in curriculum is no more than a piece of folklore with little empirical justification' (Foster, 1965: 149), the conviction that a more vocational curriculum can hugely affect pupils' orientations to occupation has continued to hold sway at different times in the agency world and most certainly amongst national policy-makers up to the present.[8]

By contrast with these longstanding approaches to different kinds of vocational, technical and agricultural education and training, which have themselves been changing over time, the newer term, skills development, is much harder to theorise or tie down satisfactorily for current practitioners of VET reform. On the one hand, the new term still contains the word 'skills'; yet often the term is used very generally to refer to flexible skills, learning to learn, and life skills. It often comes to be used in the very loose and undefined terminology of 'skills for the knowledge economy'. What can be said is that the bulk of the donors who continue to be interested in the concept of skills development are talking about something more than literacy and numeracy skills, and certainly more than the term 'life skills'. There is still a strong sense that the capacities acquired through skills training or skills development are linked to particular livelihoods, occupations and work – whether in industry, commerce, agriculture or micro-enterprise. Accordingly, we shall find in this review that skills development is increasingly used by donors as the preferred term for what used to be called TVET or VET; but in the field and at the country level, policy-makers and employers continue to use the older terminology of vocational, technical and agricultural education and training.

There is a difference, however, in the kinds of debates that have traditionally been held about skill, vocation and poverty and some of the assumptions lying behind the current fascination with the relationship between skills development and poverty reduction. The former were concerned with the appropriacy, cost, pedagogy and quality of the vocational and technical curriculum, and especially with its anticipated links to securing employment. By contrast, some of the thinking and expectations that are associated with skills development and poverty reduction appear to be driven by a desire to demonstrate a direct impact on the incomes of poor families by their children's participation in vocational, technical, industrial or agricultural programmes. There is something of a paradox at work here; on the one hand, the new meanings of skills development should point to programmes that are not occupationally specific. But the majority of examples in the literature on skills development and poverty reduction are linked to the older conceptions of vocational and technical skills.

We shall want to argue also that the multidimensional character of poverty means that an assessment of training impact on income alone will not be satisfactory. Before turning to some of the modalities for relating skill and poverty, we should examine what progress has been made over the past decade in understanding the complexity of both poverty and skill. We shall need later to contrast the detailed elaboration of poverty's meanings in the development community with how poverty is actually viewed by national constituencies. For the moment, however, we sketch a periodisation of policies relevant to our topic.

- In the 1950s and 1960s economic growth and modernisation were seen by many as the primary means of reducing poverty and improving the quality of life. For example, the Indian Planning Commission viewed rapid growth as the main (although not the only) instrument for achieving this objective (World Bank, 1990).

- In the 1970s attention shifted to the direct provision of health, nutritional, and educational services. This was seen as a matter for public policy. The *World Development Report- 1980,* using the evidence available at the time, argued that improvements in the health, education, and nutrition of

[8] For a revisiting of Foster's research on skills, work and aspiration almost 40 years later, see King and Martin, 2002.

the poor were important not only in their own right but also to promote growth in incomes, including the incomes of the poor (World Bank, 1990).

- The 1980s saw another shift in emphasis. Countries, especially in Latin America and Sub-Saharan Africa, struggled to adjust after the global recession. The constraints on public spending tightened. At the same time, many began to question the effectiveness of public policy, and especially the policy toward the poor (World Bank, 1990). Structural adjustment policies had been pushed by the World Bank as a means to tackle economic problems in the developing world. More attention to the social dimensions of development ('people-centred' approaches) began to be seen.

- The 1990s saw structural adjustment with a 'human face', more of a focus on developing an 'enabling environment' (supporting preconditions for poverty reduction), with the late 1990s and early 2000s seeing the development of coherent and comprehensive poverty reduction strategy papers (PRSPs). As we noted earlier, the 'discovery' of poverty was very much driven by agencies, rather than national governments.

Box 1 summarises the broad categories that have been used to combat poverty.

Box 1: Broad categories of approach to poverty reduction

- reducing international inequities: debt restructuring; financial transfers; renegotiating terms of trade
- boosting national economic growth, and associated production-oriented approaches (in principle agreed by all agencies though now with almost uniform rejection of the 1960s blind faith in 'trickle-down' effects; despite varying degrees of interest in what should be counted, statistics related with this are overwhelmingly biased towards the monetised market economy which includes many functions irrelevant or harmful to the poor)
- institutional development (a very broad category associated with the general trend towards emphasising the 'enabling environment', and including the recent emphasis on 'social capital')
- basic needs provisioning, 'social sector' strengthening (direct provisioning and indirect influence on public investments in food security, shelter, health, etc.)
- social security, and safety-nets (public wealth transfers, social insurance)
- structural adjustment (with/without a 'human face'!)
- human capital development (associated with Amartya Sen's concept of 'capabilities' particularly as promoted by the UNDP)
- empowerment, social inclusion, participation, rights-based approaches (including those addressing gender, ethnic, and age-related inequalities)
- livelihoods (cross-sectoral approaches associated particularly with the work of Robert Chambers)
- reducing inter-generational inequities (environment)
- disaster preparedness and rehabilitation (reducing vulnerability to shocks at various levels)
- peace-making and reconciliation

Source: Thin, 1999: 22

3. Understanding the links between skills development and poverty reduction

3.1 The multidimensional understanding of poverty[9]

There is nowadays a general consensus that poverty needs to be understood in a multidimensional manner (World Bank, 1990; 2000b). This understanding goes well beyond the traditional use of income measures as proxies for poverty (i.e. $1 a day measure), but sees poverty as related to low achievements in education and health (World Bank, 2000b: 15). The concept of poverty also includes vulnerability, exposure to risk and voicelessness/powerlessness (World Bank, 2000b: 15).

This broader conceptualisation of poverty is also important since 'different aspects of poverty interact and reinforce one another in important ways' (World Bank, 2000b: 15). This means, for example, that policies targeted at health do more than improve well-being, but also improve a person's potential to earn income (ibid.).

When conceptualising poverty, there is also a need to consider *vulnerability* (insecurity and exposure to risk and to occasional periods of poverty), *inequality* (deprivation relative to other people), the poverty of *categories of people* (women, children, older people, disabled people), and *collective poverty* (of regions, nations, groups) (cf. Thin, 2004). However, it is important to recognise that poverty is not the same as *vulnerability*, nor is it the same as *inequality*. While poverty and vulnerability overlap, the distinction is crucial to appreciate 'the difference between being 'pro-poor' and being 'anti-poverty', since many people not currently understood as 'poor' are vulnerable and may become poor in the future unless effective preventive measures are taken' (Thin, 2004: 4). Further, while 'poverty is also not the same as *inequality*… there is considerable overlap… [since] social dimensions of poverty include the idea of deprivation relative to other people' (Thin, 2004: 4).

However, despite this broad recognition of the multidimensional nature of poverty, 'in practice the core meaning of poverty, for most people, remains the lack of adequate money to pay for basic needs… [which] tends to emphasise physiological needs more than social or psychological needs' (Thin, 2004: 3). Hence, the Millennium Development Goal (MDG) concerned directly with poverty concentrates on physiological poverty - the narrow dollar-a-day income measure and numbers of underweight children - and pays little attention to social dimensions of poverty. Thin argues that 'when forced to specify which aspects of poverty are being reduced or should be reduced, policy-makers and practitioners tend to focus on a narrow set of *measurable* dimensions' (Thin, 2004: 4).

We need to recognize, for the purposes of our own state of the art review, that these rather elaborate definitions of the poor and of poverty are often a long way away from how people actually think of themselves in developing – or transition – countries. For instance, Malawi may be classified by official figures as a country where 65% of the population of some 14 million are beneath the poverty line, and Kenya has been analysed as having 53% of its rural and 50% of its urban populations under the Kenyan statistical office definition of poverty (Central Bureau of Statistics, 2005). But whether those who have been determined as poor think of themselves as that is an entirely different question.[10] For instance, the term 'chronic poverty' has been applied to a series of research initiatives supported by the Department of International Development (DFID) of the UK Government. One of these has been located in Kenya, and yet for a very large number of Kenyans, the very notion of 'chronic poverty' – or long-term, almost inescapable poverty is not socially acceptable. There is a very powerful popular tradition of believing that 'poverty does not have deep roots' and that therefore 'wealth creation is in everyone's hands'.

[9] For an overview of the nature and evolution of poverty, see Chapter 1, World Bank, 2000b. For a review of poverty and poverty reduction literature, see Thin, 1999.

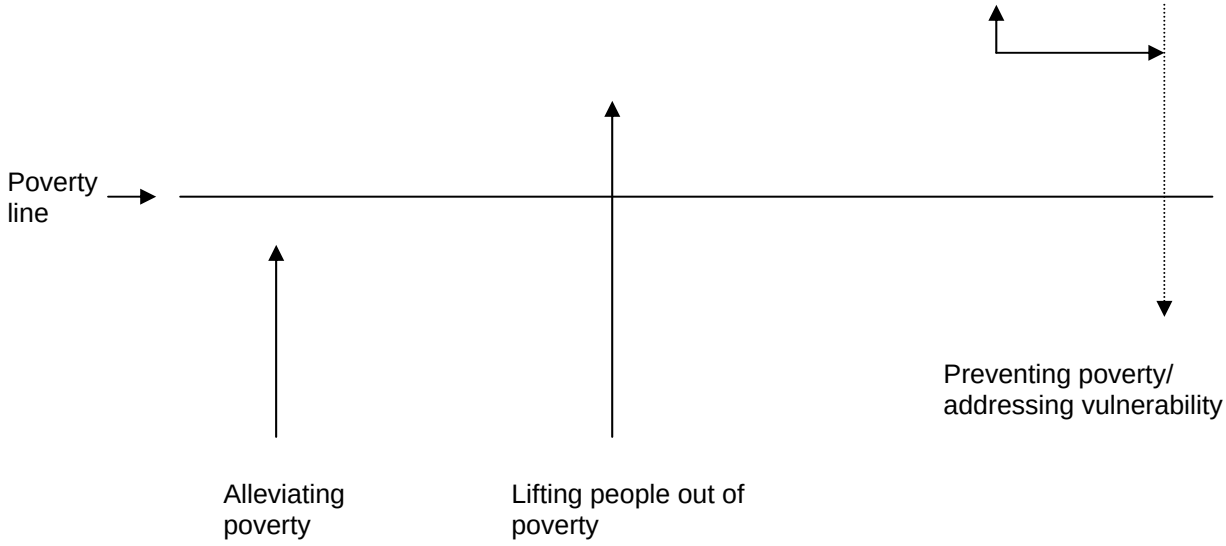
[10] Do the poor in different countries and contexts define themselves as poor, and if so how? The World Bank *Voices of the Poor* study tries to bring out definitions of poverty from poor people around the world, see Narayan, Patel, Schafft, Rademacher, Koch-Schulte, 2000; Narayan, Chambers, Shah, Petesch, 2000; Narayan and Petesch, 2002. Arguably, the results are still an external construction of in-country poverty levels and gradations.

3.2 Poverty reduction concepts and strategies

There is also a need to differentiate between the different meanings of 'poverty reduction'. Thin notes that '[a]lthough concepts of poverty reduction are necessarily even more debatable than concepts of poverty, some basic misunderstandings can be avoided by keeping in mind a threefold distinction between three categories which are worthy of analytical distinction even if in practice they overlap' (Thin, 2004: 4). These three kinds of poverty reduction (Fig. 1) (Thin, 2004: 4) are:

- **Poverty alleviation -** Alleviating the symptoms of poverty and/or reducing the severity of poverty without transforming people from 'poor' to 'non-poor';
- **Lifting people out of poverty -** 'Poverty reduction' in the true sense; reducing the numbers of poor people and/or transforming poor people into non-poor people;[11]
- **Poverty prevention -** Enabling people to avoid falling into poverty by reducing their vulnerability.

Figure 1. Three kinds of poverty reduction



Source: Adapted by Palmer from Thin, 2004

These different meanings of poverty reduction have to be considered in analytical work that links skills with poverty reduction (see Table 1 below).

3.3 Skills development and poverty reduction: The conceptual and methodological challenge

Having examined briefly some of the historical and conceptual issues related to TVET, poverty and poverty reduction in previous sections, this paper now turns to the need to define somewhat more clearly what we mean by 'skills development' and to outline some of the conceptual and methodological challenges faced when assessing the complex relationship between skills development and poverty reduction.

As will become clearer as this paper progresses, this review highlights the need for a balanced skills mix in both developing and transition countries, but notes that this balance will be different according to a particular country's social, economic and historical context. Before we can move forward, this general recognition of a more balanced skills mix needs to be incorporated into a definition of skills development for this review. For the World Bank, skills development refers to the outcomes of the learning process without reference to the source of skills acquisition (World Bank, 2004a). Others

[11] It is a paradoxical consequence of time-bound targeting that the first MDG which is about eradicating extreme poverty and hunger ends up by suggesting that such extreme poverty merely be halved.

have noted that skills development appears to be a much broader concept than technical and vocational education and training (TVET)[12] (Working Group for International Cooperation in Skills Development, 2002: 11). '[S]kills development… has a wider definition [than training] and focuses on learning and skills acquisition' (Morel, 2004: 4). With these qualifications in mind, for this paper we propose the following definition that recognises a broad definition of skills development:

Skills development is not equated with formal technical, vocational and agricultural education and training alone, but is used more generally to refer also to the productive capacities acquired through all levels of education and training, occurring in formal, non-formal and on-the-job settings, which enable individuals in all areas of the economy to become fully and productively engaged in livelihoods and to have the opportunity to adapt these capacities to meet the changing demands and opportunities of the economy and labour market.

In other words, skills development does not refer to the curricular or programme source of education or training itself but to the productive capacities that are acquired through these skills courses and programmes. The acquisition of these capacities is dependent on many factors, including good quality education/training and the presence of a supportive environment. But the utilization of these capacities requires other facilitative infrastructure (see Fig 3 later).

3.4 Skills development and poverty reduction: analytical considerations

Table 1 (below) outlines a typology of analytical considerations for skills development and poverty reduction. A few of these considerations are discussed briefly below.

In our definition of skills development above, we noted that this refers to 'capacities acquired through all levels of education and training, occurring in formal, non-formal and on-the-job settings'. We need to be clear, therefore, about the types of, and levels of, skills we are referring too. This might be divided into:

- Pre-vocational and orientation skills acquired through general primary or lower/upper secondary education.
- Traditional forms of technical and vocational education and training (TVET): i.e. school-based TVET at the lower/upper secondary level;[13] Centre/institution-based vocational training; Formal/informal enterprise-based training (including traditional apprenticeships); Agricultural training; Public or private.
- General tertiary education and higher-level technical and professional skills training: i.e. general tertiary education, higher-level training at tertiary level in TVET, including training of instructors/teachers; Post-secondary agricultural education, training and research; High-level health skills; Higher-level business skills; High-level governance skills.

When examining the evidence or assertions related to skills development and poverty reduction, what aspects of poverty or wellbeing (e.g. biophysical/social; individual/collective) are said to be causally linked with skills development? Are policy-makers paying due attention to all dimensions, or is their attention unduly biased towards specific dimensions such as income? We noted earlier that, despite the recognition of poverty as multi-dimensional, in practice the core meaning of poverty for most people remains income poverty (and this can be seen as the dollar-a-day MDG indicator). Education generally, and primary and basic education in particular, is often linked with a whole host of positive development outcomes, for example income, fertility and productivity. TVET skills training is usually linked with improvements in productivity, quality, diversity, occupational safety, health and income benefits. In other words, in terms of linking skills development to poverty reduction, there is a much narrower focus on individual and biophysical/income related aspects of poverty, and less attention to the multidimensional nature of poverty.

[12] TVET is used in this paper to refer to formal and informal sources for skills acquisition, excluding informal learning on the job (cf. World Bank, 2004a).

[13] It is intriguing to note that despite the rhetoric about the move from traditional TVET to flexible skills development, the Bank's latest volume on secondary education admits the following: 'Overall, there appears to be some movement away from institutionally distinct secondary vocational schools and programmes, although most countries still have such arrangements' (World Bank 2005a: 85).

According to Fig 1, where we examined the three types of poverty reduction, another question to ask is whether claims about skills development are usually linked with *alleviation* (of aspects or symptoms), *reduction* (lifting people out of poverty), or *prevention* of poverty. Skills development, of all types, is usually linked to income benefits as we noted and so is concerned with all three kinds of poverty reduction. But different levels of skills development are linked to different types of poverty reduction. For example, traditional apprenticeship training might be more associated with alleviation of poverty since its many weaknesses (see Box 2) frequently preclude a graduate apprentice from operating on a level that might significantly raise their standard of living and hence lift them out of poverty (poverty reduction proper). Post-basic education and training (PBET), in general, tend to exclude the poor, but it might be argued that one of PBET's contributions to poverty reduction is not by lifting people out of poverty but by preventing people from becoming poor in the first place (prevention of poverty). The higher incomes associated with higher levels of education and training imply that those who manage to acquire skills at this level will be less likely to become poor.

In terms of quantifying the relationship between different levels of skills development and poverty reduction, we noted earlier that there seem to be few attempts to do the kinds of rate-of-return calculations with TVET that are so associated with formal education.[14] This, as we suggested, was because TVET is far less comparable across countries than formal general education is. Also, methodologically, it is more difficult with TVET to separate skills training itself from other variables.[15] For example, for those who enter TVET already having some degree of educational attainment, it can be difficult to disaggregate the impact that formal education has compared to the impact that the training has had on outcomes (e.g. income). Many other people enter skills programmes after having worked in the labour market for some time and, in this instance it is difficult to separate out the impact of skills training from the impact of work experience (and the possible associated development of social and financial capital resulting from work experience). For those individuals who have been through formal education, then entered the labour market for a number of years, and then gone onto some form of TVET then the methodological challenge is even greater. In addition, where skills programmes have a micro-finance (and/or some other business development) component – which is often the case with donor funded projects – it is methodologically difficult to determine how much impact the training has had when compared to the microfinance or other support services as part of the project.

Table 1: A typology of analytical considerations for skills development and poverty reduction

Analytical focus	Questions and challenges
i. Dimensions of poverty and wellbeing - biophysical/social; individual/collective.	▪ What aspects of poverty or wellbeing are said to be causally linked with skills development? ▪ Are policymakers paying due attention to all dimensions, or is their attention unduly biased towards specific dimensions such as income?
ii. Components and meanings of poverty reduction.	▪ Are we linking skills development with alleviation (of aspects or symptoms), reduction (lifting people out of poverty), or prevention of poverty?
iii. Kinds of strategy or policy for poverty reduction	▪ Are we concerned with targeted or inclusive skills development strategies? ▪ With practical improvements to skills systems and to poor people's lives or with strategic efforts to change political and cultural contexts? ▪ With direct or indirect assistance to poor people? With interventions at micro, meso, or macro level?

[14] See however Bennell (1996b) who makes the point that of the 19 country studies with reasonable quality of data only five arrive at rates of return to general secondary that are significantly higher than to vocational secondary schooling.

[15] But one can equally argue that the rate-of-return calculations pay little attention to other variables, such as household socio-economic background, quality of education, what skills were actually acquired in schools and so on.

iv. Types of skills and level of skills.	▪ What types and levels of skills development are we assessing? i] Pre-vocational and orientation skills acquired through general primary or lower/upper secondary education. ii] Traditional forms of technical and vocational education and training (TVET): ie. school-based TVET at the lower/upper secondary level; Centre/institution-based vocational training; Formal/informal enterprise-based training (including traditional apprenticeships); Agricultural training; Public or private. iii] General tertiary education and higher-level technical and professional skills training: ie. general tertiary education , higher-level training at tertiary level in TVET, including training of instructors/teachers; Post-secondary agricultural education, training and research; High-level health skills; Higher-level business skills; High-level governance skills.
v. Measurement	▪ How will the approach used separate out the effects of skills development with other factors? i] Where TVET is combined with micro-finance or business development support? ii] Where education and training pathways include both formal education and TVET? iii] Where work experience precedes skills training?
vi. Providers and their approaches to skills provision.	▪ Are the pathways to poverty reduction different depending on whether skills development is provided in public/private schools, public/private vocational training institutes/centres, by NGOs, or (formal and informal) enterprises?
vii. Kinds of people trained.	▪ Do our claims about skills pathways to poverty reduction take adequate account of the diverse categories of people trained - poor/non-poor; young/old; male/female; rural/urban?
viii. Delivery context (enabling environment for skills development processes)	▪ What factors enable or inhibit good skills provision, attendance, and achievements? (e.g. infrastructure, biophysical environment, teachers/trainers, culture, family support, finance, immediate opportunity costs).
ix. Transformative context (enabling environment for developmental outcomes, incl. poverty reduction)	▪ What factors enable or inhibit the transformation of skills development into good outcomes? (e.g. an enabling employment creation environment so that people can actually utilize their skills).
x. Benefit assessment	▪ Are we assessing individual (or 'private') benefits to those trained, or social benefits transferred (through knowledge, income, status) to kin and community and to society in general (through productivity, social cohesion, scientific progress)? ▪ Are we looking at intrinsic benefits (direct contributions of skills processes and knowledge to the quality of life) or derived benefits (capabilities to achieve or enjoy other things)? ▪ Are we concerned with specific technical capabilities or diffuse analytical or social capabilities that are improved through skills development?

xi. Cost and risk assessment	▪ Are there some fairly direct ways in which particular skill acquisition processes risk exacerbating poverty - e.g. putting families into unsustainable debt, training people in unmarketable skills? ▪ Even if all trained individuals appear to make net gains from their education and training, is it not possible that the net cost to society outweighs the values of some skills training investments (e.g. if the main outcome of extra investments is simply to ratchet up qualification levels without adding useful capabilities). ▪ What about the indirect costs, particularly the opportunity costs to individuals and the state of resources that could have been better deployed in other ways?

Source: Adapted by Palmer from Thin, 2004: 2-3

3.5 Possible modalities for relating skills and poverty

Having examined a whole range of possible dimensions, it is important to pick out some of the most common of the several different kinds of relationships there can be between skills development and poverty reduction. To the extent possible, we shall examine, later in this review, what the evidence is on these different connections between skill and poverty. But these are several possibilities:

First, there is the economics of education approach which has sought, especially with usual sub-sectors of education, to estimate what are the 'returns' to individuals and to society of so many years of primary, secondary and tertiary education. This has been a minefield methodologically (Bennell, 1996a; Psacharopoulos, 2002 etc) but it has been usual for the 'returns' to one level of education to be compared with others. There has been very little attempt to include technical or vocational education as one of the items to be compared.[16] This is understandable because, unlike the relative similarity across nations of the length of primary, secondary and tertiary education, technical and vocational education can appear in so many different modalities, within and outside primary, secondary and post-secondary levels that it cannot possibly be treated as a regular sub-sector. TVET is a particular type of curriculum rather than a particular length of education or training.[17] One other thing should be noted about rate of return (ROR) studies, as they are termed: they normally do not look at the 'return' to specified groups such as rich and poor; so it is probably the case that there are very few ROR studies that have included TVET as one of the comparators and have examined poor families and their school pupils as the main groups to be analysed.

The second approach in relating skills development and poverty reduction is also one favoured by economists looking at education. These are correlational studies which look at the developmental benefits, or 'externalities', associated with a particular level of schooling such as primary. The most famous of these 'findings' are those like the one linking primary education and farm income – which is often misquoted in short form as '4 years of education makes a difference to agricultural productivity'.[18] But there are several others which are almost equally frequently quoted in the development literature - such as the claim that each year of girls' schooling increases their later wages by 15-20%, or that each year has such and such an impact on their later fertility. One of the weaknesses of these studies, from the viewpoint of an educator, is that they do not usually have the capacity to analyse the quality or character of the schooling which is associated with these later development impacts. Nor is it usual to examine in what sense the chosen school population is

16 See however Bennell, 1996a.

17 For example, many countries have very short, intensive 3-month skills programmes as well as 3-year institution-based skills programmes.

18 The actual claim of this very well-known piece of research is that 4 years of education makes a substantial difference to farm productivity in a dynamic surrounding economic environment; but almost no difference in a stagnant surrounding economy (King, Palmer and Hayman, 2005).

representative of any particular bias. The key indicator in the equation is usually the most easy to quantify – simply, the number of years of education that have been had.

It is intriguing to note that the World Bank which has been such a key source of this particular literature on the 'payoffs to education' in terms of development outcomes has recently been critical of its usefulness in analytical terms, precisely because they have focused only on years of education rather than what was the quality of the schooling or the cognitive outcomes from this particular exposure to schooling. For instance, in the Bank's forthcoming *Education Sector Strategy Update (ESSU),* it is admitted that there are limits to what can be deduced from these studies, including for our own focus on poverty reduction:

Although the substantive content of teaching and schooling processes is important… in many parts of the world there is a surprising lack of data about student learning. Most studies of the positive externalities associated with schooling are limited to analysis of years of schooling completed. Such studies can provide only a broad approximation of the increased earning potential, better livelihoods, and poverty reduction that are the result of the education enterprise. As such, they provide insufficient guidance to countries and donors alike as to the optimal use of resources. (World Bank, 2005b: 33)

A third approach that could be used for examining the relationship between skills development provision and poverty reduction would be tracer studies, - either the kind which are true tracers a year or several years later, once the school-goers have reached the labour market, or what can be called retrospective tracers. With these latter, workers who are already in the labour force are quizzed about their earlier exposure to different modalities of education and training. In both these cases, a critical issue is the sample selection. Clearly, if the concern is to trace impact of skills training on the poorer sections of society, then it is important to know if these sections are actually to be found in the different types of skill training, or whether they are discouraged by the cost. Equally, with the retrospective sampling, there is a kind of catch 22 involved: If workers who are clearly still poor are selected, this would be one bias. But to select a representative group of workers who were once poor but who have been perhaps aided by their exposure to TVET is even more challenging to arrange. There is the further problem which we have already referred to – that when individuals have been exposed to multiple sites of possible experience and influence, it is extremely difficult to isolate what is due to particular types of skills development en route. But regardless of these problems, reaching an assessment of what may be termed the 'social composition of the national skill development system' is a clear priority.

Another approach, fourthly, is much less direct. It consists of arguing that skills development provision in a nation could indirectly impact on the poor by the influence on society in general of the graduates of TVET systems. These graduates need not themselves be poor, but their employment in rural and urban areas may have positive knock-on effects for those who are. It should be emphasised that when TVET systems are very small, only taking some 5% of the also very small secondary school population as is the case in the Least Developed Countries, these systems are almost certainly not reaching the children of poorer families directly. Only when skills development systems dramatically expand, and become part of a country's basic education entitlement is it likely that the young people from poorer families will benefit more directly (King, 2005).

Lastly, the UN Millennium Report (UN, 2005b), directed by Sachs, is an even more general version of the impact on the poor of wider human resource development in both rural and urban areas. But unlike the fourth modality where the focus is on the possible impact of the non-poor graduates of TVET systems on the fortunes of the poor, through employment and enterprise, the ambitious scheme of the UN Report proposes something altogether more comprehensive. It assumes, like the Commission for Africa that was published 2 months later, that action in a single sub-sector or segment of the economy, e.g. education and training, will have a very limited effect on its own. Both reports emphasise in the strongest possible fashion that there needs to be coordinated investment in aid, trade, debt relief, rural and urban infrastructure – and most crucially – governance, if the initiatives in health and in education are to have a tangible impact. In other words, education and skills training need to be embedded in a dynamic enabling environment if they are to be utilised effectively, and if the potentiality conferred by training and education is to be translated into actual productive capacity.

In terms of planning, this means that the goal of affecting poverty via skills development becomes part of a much larger and more complex development initiative; in effect, it suggests that the direct impact of skills training on poverty, on its own, is dependent on kick-starting growth, which in turn could impact on levels of poverty.

Even this very cursory examination of some of the possible ways of relating skills and poverty suggest that this particular relationship is not an inquiry with a long pedigree. However, it may be useful, as a way of exploring in more depth this special relationship, to look at how it has featured over the years in the World Bank's thinking, as well as in the ILO's.

4. Relating Skill and Poverty in World Bank Policy

4.1 A review of World Bank policies from 1963 - 2005

Given that the development of technical and vocational skills through education and training investments was central to Bank thinking about human capital from the very beginning of its operations, it may be useful in this inquiry to examine how this investment may have related to poverty over the years.

From the very first World Bank projects on education, TVET was a very high priority. It is clear from Jones's research on Bank lending for education (1992) that this technical and vocational conditionality led to many very major disputes with borrowers. Yet this preferred World Bank modality remained intact from 1963 up until the mid-eighties, reinforced very strongly indeed by the 1971 and 1974 Education Sector Working Papers. Typical of Bank thinking in this period is the following:

This (general secondary) education is dysfunctional for most types of employment – wage or non-wage – and for playing other roles needed in a developing society….The argument is supported by the fact that shortages in skills are observed in specific categories such as science and technology teachers, engineers, agronomists and managers, despite unemployment among school graduates. The observation suggests that the content of education must be re-oriented to relate skills taught to jobs, thereby ensuring that graduates can be employed. Emphasis on vocational and technical schools and centres, and attempts to 'vocationalise' the curricula of academic schools are illustrations of attempts to achieve such an orientation (World Bank, 1974: 21-2).

It is clear from the record that these investments were not so much driven by a poverty reduction rationale but much more by what kind of education curriculum might most effectively impact on growth and on employment creation. This is not to say that there has not been a degree of poverty orientation in this thinking. For instance, the Bank's 1974 *Education Sector Working Paper* also famously argued that the previous 25 years of development policy had been misdirected and inequitable – favouring urban dwellers and the relatively rich. By contrast, its prime concern was now 'How can educational systems be reshaped to help the poorest sections of society?' This was the period when the Bank, rather briefly, prioritised basic and non-formal education, and its policies on skills followed this overall orientation. Skills were to be developed selectively, 'by training the right people, both urban and rural, for the right jobs, both in the modern and traditional sector'. As far as the formal or modern sector of the economy was concerned, the Bank officials had clearly read Ron Dore's *Diploma Disease* (1974) which had come out that same year, and it was therefore concerned with how to break the vicious cycle of qualification escalation. In respect of the 'development of skills for rural areas' the Bank review was not yet aware of the new terminology of the informal rather than the traditional sector, but nevertheless made some incisive comments which remain relevant for the analysis of skills development today. For one thing, it felt that there was limited value in the proliferation of uncoordinated schemes and projects, which are not integrated into nationwide systems. It is always possible for a stand-alone project, especially with external funding, to appear to work. By contrast the Bank, rightly, felt that what was required were massive rural manpower training programmes that cut across sectors, involving credit systems, managerial capacity building and much else, rather than a series of new projects and new institutions.

The 1980 *Education Sector Policy Paper* was widely regarded at the time as one of the most persuasive pieces of Bank analysis that was available on Education, being much more based on available research. What it said about the multiple modalities of skills development in schools, enterprises and training institutions, in rural and urban areas, still stands today. There is a whole chapter of the paper dedicated to education, skills and work in the urban and rural sectors. While there is no particular perspective on skills-for-poverty-reduction, there is a thoughtful discussion about what is currently known. There is no attempt to privilege or criticise any particular modality of skills development but rather to look at them all 'as complementary inputs into an overall national training

programme' (World Bank, 1980b: 48). Thus the discussions of skills acquisition in the urban informal sector or of skills for rural development are not presented as special poverty-related initiatives, but as opportunities for leveraging training into existing on-the-job training processes.

As a result of the viewpoint quoted above – about the dysfunctionality of general academic secondary schools – the Bank had been funding diversified secondary education, with prevocational streams in agriculture, metalwork, carpentry, domestic science etc. for over 20 years. The tide only began to turn against this, the Bank's favoured modality for support to secondary education across the developing world, as a result of studies by Wadi Haddad and by Psacharopoulos and Loxley (1987) in the mid-eighties. But it is important, from the focus of our present review, to emphasise that the shift was because of the high cost of the diversified secondary school, and the lack of evidence that the employment orientation and earnings were any different from regular schools. The concern was not with high cost to the poor of these schools, but rather with their cost and sustainability to governments. In finally shifting from this option, the Bank came as close to admitting responsibility for what was close to being a condition of their lending, as it has managed to do:

If further research corroborates these findings, it would seem, on the face of it, that diversified secondary schools are not worth their higher costs. This is a sad lesson for the many African countries that invested in such programmes and a sobering experience for the technical experts (often from international funding agencies) who advised them. (World Bank, 1988: 64)

It was a full ten years before the appearance of the equally influential policy paper on *Vocational and Technical Education and Training* (World Bank, 1991). It is often, unfairly, credited or criticised for undermining public sector training and promoting market solutions. The reality is that it examines the effectiveness of both in different investment climates.[19] Where this new Bank paper was particularly relevant to our present concerns with skills-for-poverty-reduction is that it reflected long and hard on the particular case for focusing skills training on the rural and urban poor, and it judged training on its own not to be a proven priority, but rather training as a complement to wider strategies to improve the enabling economic environment:

'Reform of policies that discourage economic and employment growth – not training – is the first step along this road [the road out of poverty] for the poor, as well as for women and minorities. Improving levels of general education helps. Training in the rural and urban informal sectors can improve the productivity of the poor if it is used to complement broader strategies to generate income, but training alone has not been very effective. (World Bank, 1991: 58)

The Bank paper is also analytically useful in pointing out that public sector training institutions often do not contain the children of the poor, but rather the children of businessmen and government officials using the vocational training system as a waiting room for entry to the formal sector. But the overall message of the paper confirms the Commission for Africa recommendations – that training is best seen as one amongst a series of coordinated initiatives for rural or urban development.

Bank policy continued to be critical of attempts at vocationalised secondary education – which remained popular in many national governments – e.g. Kenya, Ghana and South East Asia – during the late eighties and nineties. Their 1995 education policy reinforced their now strongly held view that skills training should follow a good basic education at the primary and secondary levels, and should be enterprise-based where possible. To a number of commentators, it appeared that the Bank was simply not addressing the evidence about the location of TVET in the majority of OECD countries. Claudio da Moura Castro (1995: 48) put this more forcibly than most:

The latest World Bank paper says that vocational and technical education is best imparted in the work place (World Bank, 1995).This may be true but the paper should have mentioned that *no* industrialised countries – without a single exception – actually follow this World Bank prescription. All industrialised countries offer massive quantities of training away from the work place. This includes US, Germany and Japan. It is distinctly misleading for the Bank to tell developing countries to do something that no developed country has done.

By the time of the Bank review of *Skills development in Sub-Saharan Africa* (World Bank, 2004), ten years later, it is interesting to examine if this major analysis contributed to our principal concern with the relationship of skills development programmes and poverty reduction. There was, first of all, a

[19] One reason for gaining the impression that the report was pro-private is that on the first page it reads: 'Training in the private sector – by private employers and in private training institutions – can be the most effective and efficient way to develop the skills of the work force' (World Bank, 1991: 7).

clear acknowledgement that with a gross national product (GNP) in Sub-Saharan Africa in 1999 of just 1.1 per cent of global GNP, and that with no fewer than an estimated 500 million out of a total population of 650 million estimated to be living on less than 2 dollars a day, Sub-Saharan Africa was the poorest region of the world. Nevertheless, none of the main research questions guiding the study were focused on the direct links between training and the poor.[20]

Acknowledging that the informal sectors of Africa are by far the largest employers of the burgeoning populations of young people emerging from the expanding primary and junior secondary school systems, the Bank review spends more time reviewing this sector and its training needs than on any other. A good deal of this is concerned with the traditional apprenticeships systems of Sub-Saharan Africa, their strengths and weaknesses, a review of interventions, and a rethinking of a training strategy aimed at the informal economy. While the overall purpose of the analysis is with how skills development can raise the productivity of the millions of micro-enterprises in the informal sector, and thus contribute to poverty alleviation, there is little direct focus on the participation of the poor in this majority form of skills training.

The reason is not hard to seek. There is very little currently known about the extent to which the children of the poorer families actually can undertake apprentice training. But the Bank review offers a salutary reminder that there are substantial costs to entering this training system. It is not as accessible as is often claimed:

It is commonly assumed that the traditional apprenticeship is open to everyone, or at least to all young men. This is not so. Very poor households typically cannot afford to pay the costs of apprenticeship, particularly for trades that require a high fee or tools and equipment. (World Bank, 2004a: 145).[21]

There is therefore a strong recommendation that government should 'assist the poor in financing their apprenticeship training' (World Bank, ibid.). But when such a large proportion of the youth population who cannot afford secondary schools or more formal public sector training are in the informal sector, one of the main five conclusions of the entire review is that 'the reform of skills development in the informal sector is essential to poverty alleviation' (World Bank, 2004a: 177). As to how this should be done, there are no easy answers. What is clear is that training initiatives need to be part of a larger understanding of why wage employment in Sub-Saharan Africa has stagnated. Anticipating the analysis of the UN Millennium Report and the Commission for Africa, the World Bank review was sure that training, by itself, will not create jobs, and that, even within the huge informal sector, improved training will not be effective on its own. A whole series of other business development interventions like micro-credit, market access, security of tenure, and improved infrastructure need to support the enabling environment within which improved skills and technologies can be utilised.

Before leaving this account of the shifts in training policies by the World Bank, it should be noted that the forthcoming *Education Sector Strategy Update (ESSU)* appears to have moved away from occupation-specific skills whether in the formal or informal sector. Instead it is fascinated with those advanced and flexible skills that are assumed to be relevant to the emergence of knowledge economies.[22]

Summarising this section on what has been one of the most influential sources of policy knowledge on TVET and skills development over a 40 year period, we can say that apart from a brief fascination with non-formal education and skills development in the early 1970s, and a recognition of the importance of raising productivity in the informal sector in the mid and later 1990s, the Bank's TVET and skills development policies have not sought to target the poorest segments of the population. The focus for much of the period was much less with questions of access to skills training for the poor than with whether the higher costs of vocational training provision could be justified, and the most appropriate positioning of such training in relation to general education. The crucial question of whether the children of the poor were even included in the main modalities of skills training was only occasionally raised. One of the Bank's most recent publications, the World Development Report 2005, has a whole chapter on Workers and Labour Markets which re-enforces what we have just said. Its emphasis is

[20] The six questions addressed the role of the public and private sector, and enterprise-based training, as well as financing issues, and the role of training in the absence of enough modern sector employment (World Bank, 2004: 32).

[21] Yokozeki (2005) argues that the 'joining fees' for the apprenticeship can be several times higher than for the junior secondary schools; the former however is a single one-off payment.

[22] In a dramatic contrast with the Bank's *Skills Development in Sub-Saharan Africa,* there is only a single reference to reaching the informal sector with skills development in the *ESSU.*

on getting the investment climate right – which it argues will benefit all workers, and especially those firms which have invested in the skills of their workforce (World Bank 2004b).

4.2 Skills for poverty reduction? – Ensuring the poor gain access to skills development

One of the concerns that has emerged just on the margins of our review of Bank policy over 4 decades is the rather fundamental question of whether the children of the poor are even to be found in the various types of training provision, whether school-based, post-school, enterprise-based or informal economy-based. There is very little good data on what we are calling the social composition of skills provision, but the substantial cost of most skills training, including fees for training even in the informal sector, would suggest that the children of the poorer families are unlikely to be represented. This perspective suggests that a precondition to discussing whether skills training institutions impact on the poor is to know whether the children of the poor actually reach such post-basic institutions at all.

For skills training to impact on the children of the poor, more needs to be known about both the existing pathways and the ways that skills training could benefit from what has been learnt in many different countries about privileging the most talented children from poor backgrounds.

First, it needs to be admitted that for poor children mere access to 'free primary schooling' is not sufficient to ensure that they will do well enough to be able to compete successfully for good quality post-primary education and training. This implies that serious attention needs to be given to the quality of mass primary schooling, if attendance, especially by poor children, is actually going to raise their chances of later success. Otherwise, there is a danger that poor children simply participate in the poorest primary schools, with the most over-crowding, the least good teachers, and thus are hugely under-prepared to compete for secondary schooling or skills training. The idea that the government necessarily has thought out an option for the poor is in many contexts quite unrealistic. The opposite is true - that existing education systems in developing countries discriminate very effectively against the poor:[23]

The evidence from too many countries is that without a concerted policy to the contrary, current education systems reinforce rather than compensate for existing inequalities: the children of the rich acquire more education than the children of the poor. Greatly increasing access to good education, which almost always means making societies more inclusive and egalitarian, is not necessarily the result desired by those with the power to make decisions. Education systems can be part of a vicious cycle, locking out generations of the poor. Changing those systems requires political leadership as well as additional investments and inputs. (UN, 2005a: 47)

Evidence is available even from countries where political leadership was far from corrupt, such as Tanzania, that the children of poor families had very little chance of getting a place at secondary schools. Only those children whose families were able to add to the state provision by private tuition and through other contributions had a reasonable chance of reaching post-basic opportunities. The politics of dramatic primary school expansion compromised quality to such an extent that schooling available to the majority was of little value; only the minority were able to access post-primary education (Wedgwood, 2005: 5). In other words, inclusion and equity if not attended by quality provision do not assist the poor. There are suggestions from many different countries in East and Central Africa that this may turn out to be precisely the result of the massive unplanned expansion of basic education during the late 1990s and early 2000s (King, 2005b; 2005c). The same is true of Latin America where it is acknowledged that those with more social capital capture the benefits of vocational training as they do of formal education:

Specifically regarding the struggle against poverty, these new policies have come up against an age-old problem in the social sphere: the deflection of actions towards population groups endowed with greater cultural and social capacity, that seize them for their own benefit. So it happens that sectors suffering from 'harder' or more chronic poverty remain beyond the reach of the programmes. (Weinberg 2000: 18)

[23] The *World Development Report 2006* overview puts this starkly: 'In many developing countries, the actions of the state in providing services magnify – rather than attenuate – inequalities at birth'

Second, beyond quality being one factor that is absolutely crucial to holding poor children in school, the opportunity cost to their families of losing their labour may be such that they will still be withdrawn before there is a chance for them to compete to enter post-basic education and training. Here is where the policy of cash transfers conditional on poor families retaining their children in school appears to have been successful, from Bangladesh to Brazil, to Mexico and many other countries (World Bank, 2005c: 12).

Equally, in situations where all post-basic education and training is fee-paying and selective, scholarships for the bright poor may be absolutely essential if they are to go beyond primary school. But there is no point in such scholarships merely securing a place in a poor quality post-basic institution. For talent scholarships to be effective they need to secure places for the bright poor in high quality post-primary schools and centres.[24] Such bursaries will be necessary not only for secondary schools but also for vocational and technical institutions. But the management of national bursary programmes for many different post-basic institutions requires very good governance, given the enormous temptations to skew the allocations to the non-poor, for patronage reasons.[25] It implies means testing as well as scrupulous meritocratic procedures.[26]

Thirdly, another way of exploring the links between skills training and poverty reduction is to examine the data on the educational level of those who have received training. Worldwide it seems to be the case that the more educated are the ones who get most access to further training. Those with minimum education levels do not get access to skills training. This is as true of UK as it is of Sri Lanka. Data from Sri Lanka show that only 2 % of those with no education and 6 % of those with primary education got access to training in 2002, whilst 10% of those with lower secondary and 16% of those with upper secondary. Those with O and A levels respectively got access to 21% and 37% respectively (DFID-WB, 2005). Now in countries, such as Sri Lanka, where junior secondary education is available to a substantial proportion of the age cohort, the children of the poor families will certainly stand a better chance than countries where only 15-20% of the appropriate age cohort reach selective, fee-paying secondary education.

This section has suggested that a careful analysis of the social composition of basic and post-basic schooling is valuable if one is then to look at the social composition of those reaching institutions of skills development, since the main pathway to skills training is via primary and secondary schooling. This precondition of achieving primary and secondary education is even affecting entry preferences to the most attractive training in the informal sector. Hence, the relations between skills training and poverty cannot be sensibly examined without taking account of how accessible and of what quality is the provision of basic education. Much more also needs to be known about the administration of the bursaries – where they exist – for the children of the poor to enter post-basic education and training. Where funds are scarce, it is not sufficient for these systems merely to target the needy – but rather the most promising and talented of the needy.[27]

But there is an even more fundamental dimension of the relation between the rich and the poor and their comparable access to education and skill which should be noted before we turn the evidence from the ILO. It comes from very recent work in Kenya where every single constituency in the different provinces has been mapped on the 'geographic dimensions of well-being'. While we have implied in this section that the key issue is to ensure that the poor even manage to get access to different levels of education and skills training, the Kenya data suggests a much more radical questioning of any simple attempt to connect education level with poverty reduction.

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[24] An Assistant Minister for Kenya has commented: 'Those days unlike today many poor boys and girls could through merit make the leap from a rural primary school to a top national school and eventually to university. And because merit counted for much more than is the case now, they could secure employment in some of the best corporate organisations or in government' (Mwiria, 2005:1)

[25] It is interesting to note that Kenya's Education Sector Support Programme (KESSP) had in a January 2005 draft earmarked 51,000 bursaries for secondary schools, and 9,600 for entry to technical and vocational institutions. By the time of the publication of the final version of KESSP in July the same year, the number of bursaries for TVET had shrunk to a 1000 per year, and there was no longer a number given for those to secondary schools (KESSP, 2005: 209).

[26] In Kenya since 2003, bursaries have been allocated from Constituency Development Funds, through a committee chaired by the local MP.

[27] For instance the KESSP - see footnote 21 above - only talks of the needy and disadvantaged, not the talented.

4.3 Skills development, poverty reduction and the need for an enabling environment

However, it is essential to question the capacity of developing or impoverished transition countries' economies, and especially their informal economies, to realise these skills outcomes. Skills development outcomes, at all levels, are obviously determined by many other things such as the quality of the education and training and the state of the enabling environment surrounding skills development (Palmer, 2005a) (Fig 2).

The claims about the beneficial results of skills acquired through TVET perpetuate the assumption that this training leads to economic growth and poverty reduction (cf. Working Group for International Cooperation in Skills Development, 2002: 16). This assumption, while popular in developing country governments, is actually backed up with very little research or evidence. It is often taken as axiomatic, for example by the Government of Ghana, that skills acquired through TVET can be used to get jobs or create employment opportunities in enterprises which provides an income, and hence reduces poverty and stimulates economic growth (Palmer, 2005a).[28]

But, as the World Bank is keen to emphasise, there is no automatic connection between skills development and employment. 'Training, by itself, will not create jobs and will achieve its objectives only where the conditions are right for economic growth' (World Bank, 2004a: 188). The Bank's *Skills Development in Sub-Saharan Africa*, reviews the findings of a policy paper on TVET adopted by the Inter-American Development Bank (IDB, 2000), which was based on experience in the Latin America and Caribbean region. The IDB paper notes that

Training requires an enabling environment. [There is a need to] [r]ecognize that training alone is not an effective means to combat unemployment. To minimize the risk that training will be ineffective, job creation must also occur. (World Bank, 2004a: 27)

Later the same policy paper advised 'view[ing] training as a social policy, not as a means of job creation. Training is essential for improving the productivity and competitiveness of an economy. To the extent that an economy is growing, jobs will be created and training will increase, but training alone does not create jobs' (World Bank, 2004a: 28).

The Bank's *Skills Development in Sub-Saharan Africa*, noted that '[g]etting the macroeconomic context right remains the essential first step in focusing on skills development' (World Bank, 2004a: xv). The 1993 World Bank paper, *Skills for Productivity*, made a similar point ten years earlier - that for skills training to result in increased productivity and earnings, the economic and labour market environment had to first be reformed so that it was supportive of skills utilisation:

Most of the poor in developing countries are found in rural areas and in the urban informal sector. Their principal asset is their labour, and their main road out of poverty is to improve their productivity and earnings. Progress along this road initially requires not training, but reform of policies that discourage economic and employment growth. (Middleton, Ziderman and Adams, 1993: 217).

Skills development, resulting from general education and agricultural education and training, 'is a vital part of the package needed to advance farm productivity, raise incomes, reduce poverty and make the transition to a more productive non-farm sector' (Johanson, 2005: 17). However, as with our discussion above concerning skills learnt though traditional TVET, 'support for the educational needs of rural populations and farmers' organizations… is unlikely to foster the improvements in rural incomes and living standards… without the support of other reinforcing initiatives' (Saint, 2005: 1). These 'reinforcing initiatives' that enable an education and training system to impact on agricultural productivity and support the trend towards more commercial production include: a proper macro-economic and regulatory framework, including trade policies and adherence to standards procedures; innovative private firms and non-governmental organizations; adequate communication and transport infrastructure; and other factors such as access to global knowledge resources and market conditions that support innovation (Saint, 2005: 1-2). The famous claim about how education increases

[28] In fact, the Government of Ghana (GoG) has two public skills programmes whose very name suggests some kind of semi-automatic link between skills and employment: the Integrated Community Centres for Employable Skills (ICCES) and the Skills Training and Employment Placement Programme (STEP). The GoG, in its most recent Poverty Reduction Strategy Paper (GoG, 2005) has actually renamed the STEP as a result of the general public expectation that the STEP would lead to jobs. It is now known as the Skills Training and Entrepreneurship Programme. See Palmer's forthcoming doctoral thesis, Centre of African Studies, University of Edinburgh.

agricultural productivity has been widely used in policy documents (cf. King and Palmer, 2005b and King, Palmer and Hayman, 2005), but usually never notes the central caveat to this original claim – that the impact of skills on agricultural productivity acquired through education is dependent on the state of the enabling environment for farming.

Post-basic education and training have a key role in training agricultural professionals, who in turn have a key role in developing an enabling environment to enhance farmer productivity. Lockheed, Jamison and Lau (1980) showed that four years of education for farmers makes a difference to agricultural productivity of about 10% in 'a modernising environment'. This 'modernising environment' referred to a context where there were 'new crop varieties, innovative planting methods, erosion control, and the availability of capital inputs such as insecticides, fertilizers, and tractors or machines. Some other indicators of [a modern] environment were market-orientated production and exposure to extension services' (Lockheed et al, 1980: 129).

Education makes virtually no difference, the research argued, if the environment is non-modern [where agriculture is traditional and where there are no new methods and new crops being tried out] (Lockheed et al 1980) (for an extended analysis of this see King and Palmer, 2005b and King, Palmer and Hayman, 2005). Hence, post-basic education – in the form of applied agricultural research and training of agricultural extension officers for example, enables basic education to impact on farm productivity. But, crucially, apart from the training of extension officers, and perhaps the development of new crop varieties, innovative planting methods and methods of erosion control, other factors in this 'modernizing environment' – for example the availability of insecticides, fertilizers and machinery and the development of market-orientated production – are not themselves directly created by higher education or skills.

Hence, skills training on its own may be a key variable, but it is not a determinant of poverty reduction, growth or of job creation.

The quantity and quality of human resources produced depend on both the delivery capacity of the formal and informal education and skills system, and on the demand for these resources in a given country. It is not simply a case of increasing the supply of educated and skilled workers through investing heavily in expanding the provision of education and training. Education and training, alone, do not result in increased productive capacity in the form of employment. Nor, by the same token, do they, alone, result in poverty reduction. If the skills cannot be put to use, potential capacity may be increased, but actual productive capacity will not be. There is a difference between skills development (the capacities acquired) and skills utilization. Not only do the skills acquired need to be of good quality, but they need to be produced in a positive climate for their adoption (World Bank 2004b).[29]

For skills to translate into poverty reduction - and growth - there needs to be the development of other factors, external to the education and training system. Hence, the extent to which the traditional skills learnt through basic education and traditional forms of TVET can contribute to the development of a county's productive capacity will be influenced both by the development and utilization of a country's higher-level skills, and by the development of a supportive enabling environment that allows skills to be utilised productively (see Fig 2). Among the most critical factors in such an environment will clearly be work and employment.

Fig. 2 below tries to show visually what we have been discussing above. The key point to note here is the distinction between skills development and skills utilization that can lead to poverty reduction and/or growth. Developing skills in a labour force is one thing, but if people cannot utilize these skills because other supportive measures are not in place, then skills development cannot lead to poverty reduction and/or growth.

On the left, we list the different elements of skills development according to our earlier definition (and Fig 1 above). Primary, lower/upper secondary (general and vocational/technical) and tertiary education are all affected by what we term the 'education environment', the availability of teachers, text books etc.[30] Meanwhile formal enterprise-based training is affected by the policies and environment related to formal private sector development. Traditional apprenticeship training is also

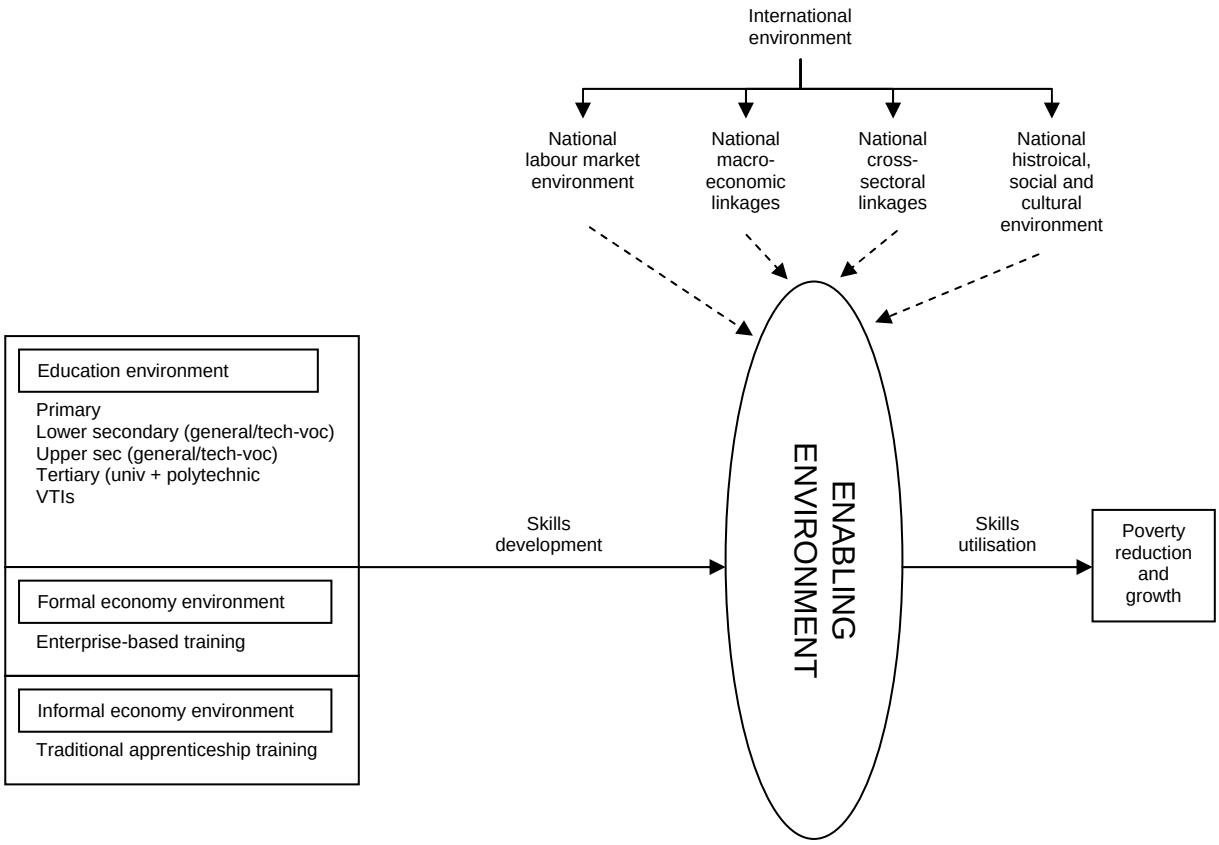
[29] The WDR 2005 argues that strengthening the impact of education and training on growth requires both good quality learning and better incentives for their utilisation (World Bank 2004b).

[30] The Education Environment includes: *Supply factors*: Textbooks/ learning materials; Management/ Governance; Curriculum; Instruction time; Language of instruction; School infrastructure; Teacher quality/ incentives; Demographics. *Demand factors*: User fees/other direct costs; Indirect and opportunity costs; Household income; Distance; Student health/ vulnerability; Perceived returns to education (World Bank, 2005b).

affected by both policies (and the existing context) related to the informal private sector, but also by government skills strategies that might include apprenticeship training in their remit.

Skills development, therefore, results from the capacities that are acquired through different levels and types of education and training (seen on the arrow emerging from these different types of education and training in Fig. 2). But for skills development to translate into skills utilization and therefore poverty reduction/growth, there needs to be a supportive enabling infrastructure in place.

The international environment[31] impacts on the different kinds of national enabling environments: the cross-sectoral linkages[32]; macro-economic linkages[33]; historical, social and cultural environment.



Source: Palmer

Legend: VTIs – vocational and technical institutes/centres

The fact that work and employment play such a key role in this enabling environment suggests an examination of what the ILO may have contributed to our search. We turn to this in the next section.

5. Linking poverty and skills training in the ILO

As the UN body charged with improving the standards and decency of work and employment – which are often claimed to be the highway out of poverty – it is obviously important to determine what the state of its own current thinking is in respect of skills provision and poverty reduction. Having thought long and hard about the nature of work – especially in the developing world – the ILO has been aware that work itself and its absence are not the key issue in escaping poverty. Rather it is the inability of

31 For example, international trade regulations, aid policy and framework, global geo-politics debt.

32 For example, water and sanitation; transport; health; energy; social protection; youth; agriculture; private sector development (formal and informal economy environment) (World Bank, 2005b).

33 For example, civil service reform; good governance and action on corruption; poverty reduction and inclusion; social cohesion and conflict; decentralisation; political economy of reform; knowledge economy goals; resource mobilisation and utilisation (World Bank, 2005b).

many jobs and much work to ensure decent levels of income and living. This is confirmed by the fact that of the 1.1 billion poor people in the world, only 185 million are openly unemployed. The 'working poor' – a term which goes back to the World Employment Mission of the ILO to Kenya in 1972 – made up at least 550 million in 1997 (ILO, 2004: 2). The challenge is to secure more productive employment through growth for this constituency.

Since nearly three-quarters of the poor, in developing countries, live in rural areas, and are engaged in the family farm, which lies outside the formal economy, and rest of the poor are equally outside the formal sector in urban areas, it is essential that poverty reduction strategies address the urban and rural informal economy, and in particular the role of agriculture in the latter.[34]

Like the Commission for Africa and the UN Millennium Report of the following year, 2005, the Governing Body debate on 'Productive employment for poverty reduction and development' recognised that sustained high rates of growth were essential to poverty reduction. But it noted that growth itself required a complex and coordinated array of investments in the productive sectors, including crucially in infrastructure. It also needed to be employment-intensive. Even then, the poor had to have the means 'e.g. necessary education, skills, and access to productive assets and finance' to utilise whatever new opportunities might become available through growth (ILO, 2004: 3).

When it comes specifically to the role of skills in enabling the poor to benefit from economic opportunities, it is clear that the ILO has learnt a good deal from a whole series of small-scale, project-level innovations in poverty-targeted training. But the evidence is that training is just part of a group of interventions, along with micro-finance, marketing, and much else.

5.1 ILO and the specific challenge of training for the poor and the very poor

The ILO has naturally carried out a number of its own reviews of training and poverty reduction. We shall examine three of the most relevant of these here. First, there is a thoughtful account of the history, relevant literature, case material and constraints in reaching the poor with training available in Mayoux's *Learning and Decent Work for All: new directions in training and education for pro-poor growth* (2005). It positions the challenge of training for the poor fully in the context of the reduction by donors of support for training in general from the 1990s. Within the training that survives, its shape is leaner, more market-oriented and more demand-led. The specifically enterprise-related training tends to be focused either at the more obviously growth-oriented businesses or provides minimalist micro-finance through the myriad schemes that provide this.

There is a particular appreciation of the considerable challenge of reaching the very poor, or the chronically poor – a term which we shall return to. These segments of the larger category of the poor are by definition problematic to reach by regular methods. Their poverty is not just income-poverty, but may well be the result of marginalisation by caste, gender inequality, ethnicity, or other local power structures. They are likely to have had very inadequate access to education and health. Even if their social capital is frequently an asset, the evidence is that the very poor are peculiarly difficult to reach with regular programmes. This was the evidence from a series of studies carried out in the early 1990s by the Overseas Development Institute.[35] It concluded that most NGOs found it extremely difficult to target the very poor, and usually ended up working with groups and communities that were less poor.

The evidence from the case studies reviewed by Mayoux suggests that it is possible successfully to target the poor, including the very poor, and to make a contribution through training to enterprise, employment and livelihood development. But training on its own is far from being sufficient. This is an axiom that we have already noted in this review. And if it is true of regular training programmes, it is clearly much more so with training targeted at the poor. The offer of training needs to be embedded with the provision of wider empowerment strategies, including gender awareness. In other words, the provision of skills training for the poor and very poor is not just a question of changing the audience; rather it requires a different pedagogy and approach, and the realisation that so far from this being a question of offering some relevant training modules, this offer may need to challenge the very power structure itself, as well as the principles of decent, productive work that the ILO has espoused:

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[34] 'The primary source of jobs in Africa is in small enterprises the most important example of which is the family farm' (*Commission for Africa,* 2005: 62).

[35] For reference to these studies, see Roger Riddell in CAS (1991).

Furthermore it also involves not only poverty targeted training, but integration of the principles of the Decent Work agenda into mainstream training and education. Both these involve not only changes in training content, methodology and delivery. They also entail institutional and political challenges to address the underlying systemic inequalities which have led to the chronic underfunding and lack of commitment to ensuring that very poor women and men really receive the support and skills they need to make economic growth equitable and sustainable.(Mayoux, 2005: 107)

But the case studies, which are all of small-scale poverty targeting of skill, illustrate two other points which are crucially important. First, because of the demanding nature of the interaction, the time-frame and methods required to engage with those who have been excluded, it is extremely unlikely that the training can be financially sustainable. Reaching the very poor is much more costly than reaching the less poor or the non-poor. This can be confirmed in the studies of the campaigns for free primary education, where it has been shown that getting the last 10% (who are usually the very poor) into school is proportionately very much more costly and time-intensive than reaching the first 90% (Willams, 2005).[36]

Second, the challenge for policy of these small-scale poverty interventions is that their scaling up is itself a task of major proportions. Again, a parallel can be drawn from the formal sector. While it is now widely admitted that training for more productive work for the urban and rural micro-enterprises in the informal sector should be a high priority for government training institutions, the changes required are of the same order as Mayoux has discussed in her review – in method, content, gender bias and participatory approach. It is doubtful if much progress has been made in the targeting of skills training for self-employment via formal vocational training centres since it was studied by the Grierson and Mackenzie (1996).

A second very valuable state of the art review by the ILO is its October 2005 *Vocational training and skills development in the Poverty Reduction Strategy Papers: a preliminary review.* Its coverage includes 55 PRSPs, and it looks in detail at 24 (11 in Africa, including Ghana); 3 S. Asia; 7 East and C. Asia; 1 M. East; and 2 L. America and Caribbean). As the title suggests, it is directly relevant to our current theme, as it seeks to understand the way that vocational training and skills development are portrayed and argued for in the PRSPs, and especially whether they are linked to the goal of poverty reduction. The PRSPs are of course claimed to be country-owned, but the fact that there is a PRSP Sourcebook which actually discusses the kinds of rationale for vocational education and training does mean that it affects the way that TVET is integrated into many of the PRSPs. A notable instance is the Sourcebook's assertion that 'the return on vocational training is not high, contrary to basic education' and its assumption that vocational training should be carefully modulated to meet the demands of the labour market (World Bank, 2001 quoted in ILO, 2005b: 9).

Partly, no doubt, as a result of this kind of steer in the Sourcebook, it should not be surprising that there is a similarity in the skills development strategies throughout the PRSPs, and there is not a clear orientation to develop skills for poverty reduction. Indeed, vocational training is not presented as being a critically important investment priority at all. Overall, however, the PRSPs do regard vocational training as needing to be demand-driven, in order to meet labour market requirements. This tends to be from the perspective of the formal sector of the economy, and is seen as making a contribution to economic growth, since that is perceived as the route out of poverty. But quite how growth might translate into poverty reduction is little analysed.

In other words, vocational training and skills development are targeted more at the formal sector than at playing a distinctive role in rural development or urban slum development. Compared to basic education where there is very marked gender targeting, there is little parallel targeting of women, to improve their very low participation rates in agricultural, vocational and technical institutions.

One of the most valuable criticisms in this ILO review of the PRSPs is its judgement that there is much greater interest in vocational training achieving a better link with the formal sector labour market than with improving the employability of the poor. This latter term captures the interconnections amongst training, skills, employment and productivity, and is similar to the notion of productive capacity (see King and Palmer, 2005). It is this capacity that could be targeted in skill development programmes, and could assist individuals, including the poor, to utilise their education and training, cope with changing technology, and become more productive. But this does not happen in the PRSPs:

[36] Meeting the needs of "the last ten per cent" will be particularly challenging and expensive. It will require flexible approaches and probably cannot be achieved for all marginal populations by the target date (Williams, 2005).

As the paper [ILO] will show, skills development in the PRSPs is mainly addressed from the view point of the demand from the formal labour market, and not in terms of employability of the poor. Consequently, the focus regarding vocational training and skills development is not in terms of empowerment of the poor but in terms of economic growth. (ILO, 2005b: 8)

One outcome of this PRSP orientation for skills development is that there is little concern to consider training for the vast majority of the poor, and particularly women, working in the rural and urban informal economy.[37] Instead, there is a general advocacy for skills development to support rural development through modernisation and diversification; and encouragement of entrepreneurial and management skills to promote self-employment. But there is little poverty-targeting in these recommendations.

In conclusion, it can be said that few PRSPS have clear pro-poor strategies regarding skills development. It is too easily assumed that that expansion of basic education and vocational training will benefit poor and non-poor alike, and with few exceptions there is little acknowledgement of Mayoux's analysis of what it may take to reach the poor. When skills development is mentioned in the context of economic development, in relation to rural development, for instance, there is less concern with employability of the poorer sections than with the objectives of growth and productivity.

We shall need to return to the issue of how the poor are actually conceptualised in development strategies. Despite the influence of the Sourcebook, and the general preoccupation of donor agencies with poverty reduction, it is possible that a number of developing countries do not regard it as appropriate to elaborate a whole series of strategies that specifically target the poor, or the very poor.

A third and last illustration of ILO's recent preoccupations with training concerns a further attempt to examine the role of skills development for the very poor. Like the other two, this was a state of the art review; it was commissioned by the Employment and Training Department, and was entitled *Learning to change: skills development among the economically vulnerable and socially excluded in developing countries* by Paul Bennell (1999). Like the ILO review of the PRSPs, this third analysis is also conscious of the absence of a key role for vocational training in the PRSP process, despite it being widely accepted that training is a key instrument of public policy, especially for poor and vulnerable groups in society. The paper accordingly addresses what appears as a contradiction or a paradox: 'Just as governments and donors have begun to give due recognition to the need for concerted efforts to build the human assets/capabilities of poor, training is being accorded less and not more importance' (Bennell, 1999: 5).

This 1999 review is aware that one strand in the explanation of this apparent paradox is that the development community has since the early 1990s focused its attention on basic education; and despite training in 'essential skills' being part of the Jomtien Education for All process and agreed Framework for Action, this has not figured centrally in donor or national government thinking during the 1990s. Since the Bennell review in 1999, an interesting commentary on and confirmation of this exclusion of skills development from the Education for All (EFA) process is that the series of Global Monitoring Reports based in UNESCO has been going through the six Jomtien and Dakar goals – in a series of major volumes on access, gender equity, quality, adult literacy, and early childhood; but so far no decision has been taken on whether it is necessary to have a volume on 'other essential skills required by youth and adults' (WCEFA, 1990: 53).

It is argued that there is a continuing crisis in the provision of training for poorer sections of society, despite the widespread acknowledgement since the early 1970s that the majority of the poor are to be found outside the formal sector of the economy. Accordingly, there has been very little reorientation of training systems from their preoccupation with training relatively small numbers of urban males for the formal sector of the economy, both public and private (Bennell, 1999: 7). While NGO and non-state training institutions are often alleged to be much better at targeting the poor, there proved to be little available evidence of systematic evaluation of their success in so doing.

Bennell's review is valuable in analysing the dilution in the very concept of training. With the break-up in the once tight link between public sector vocational education and training (VET) and public or parastatal production – both in developing and transition countries – many employers preferred to recruit and train young people themselves, especially as secondary school expansion had created a large body of formally qualified young people. At the same time, the removal of the traditional 'manpower planning' link to industry and commerce, and the reduction of donor funding, especially in

[37] Ghana is an exception; it does propose raising the level of education and training of workers in the informal sector and reforming the traditional apprenticeship system which is a core training institution in the informal economy (Ibid. 12).

Sub-Saharan Africa, led to a vicious circle of low quality and out of date facilities in public VET.[38] Not only were they not orientated to the poor, but increasingly they were ill-equipped to meet the demands of their former sources of employment. At the same time, the apparent weakening of the once traditional technical and industrial focus of training and its replacement by talk of flexible skills, learning to learn, and life-skills blurred the mandate of public training institutions.[39] Meanwhile, it became clear that meeting the training needs of the poor and other non-traditional audiences required many more complex types of provision than technical training. Individual and community empowerment and awareness-raising were a great deal more demanding than the transfer of a discrete body of technical training. In respect of the millions of micro-enterprises which had become the focus of attention, it was often said that their needs were more related to credit, security and markets than to the offer of training.

However, the re-orientating of this public provision of training towards the poor faced many challenges beyond the dilution and change in the very concept of vocational training. Unlike many industrialised countries where there had been a long history of poverty-focused training, it was far from clear that national governments in the developing world held a similar view. Bennell reported on a major World Bank (1996) study of poverty in Sub-Saharan Africa which claimed that less than a quarter of the governments in the region were committed to poverty reduction. Beyond this, we need to be aware that the proposed re-orientation of public VET from the small formal sector of the economy towards the informal micro-enterprise economy in urban and rural areas was quite out of the question in budgetary terms. Even quite large countries in Sub-Saharan Africa had minute systems of public VET.[40] The same is true of countries in South Asia, where despite very large numbers of poor people, public sector training provision has been tiny. A further complication is that, of course, the very notion that the formal and informal sectors are quite distinct is misleading. Even if the formal training systems have found it extremely difficult to incorporate the poor in their provision, the same has not been true of the formal sector. 'The informalisation of the formal sector' has been noted in Latin America, Africa and South Asia, as formal firms not only take on, on a casual basis, large amounts of cheap labour from the rural and urban areas, but also subcontract many parts of their operations to informal enterprises which do not pay minimum wages or offer social protection and security. Finally, it must be admitted that for an enormous range of subsistence self-employment in the informal sector and in the household, such as trading, hawking, food preparation, and other low-skill services, there is little that a conventional training system could offer to raise income or productivity (Bennell, 1999: 19).

Even with the more growth-oriented micro-enterprises, there is a multiple challenge for any proposal to provide targeted training. First, it is widely agreed that training on its own is not a high priority of the entrepreneurs; they are more intent on securing access to credit, markets, and security of tenure. Second, for many of these production and service enterprises, there is already an established training system in the form of traditional apprenticeship. Bennell reminds us that: 'The authors of the World Bank's influential VET Policy Paper go so far as to suggest that 'traditional apprenticeships provide most of the training needed in the informal sector in most countries''(World Bank, 1991:60). Even though this assertion is true of many parts of West and West Central Africa, it does not hold for large parts of the world where the tradition of apprenticeship does not hold sway. It should be added, moreover, that the assumed existence of a thriving indigenous apprenticeship system has in some sense weakened the case for research and interventions in support of training for the very large numbers of poor young people in the informal economy. Thirdly, it is important to underline the fact that although in some parts of West Africa, there are notable traditions of successful female enterprise, and active female apprenticeships, this is by no means the case elsewhere. In too many countries, women are hemmed in by very complex risks and pervasive discrimination, and even if there is little evidence that female-headed households are more prone to poverty than those which are male-headed (Central Bureau 2005: 53), this does not translate into pro-active policies for access to agricultural training or to other small enterprise training. Indeed, it could be argued that for many countries, the active support of traditional apprenticeship – which tends to be monopolised by 'male occupations' – is very negative for the access and mobility of young women.

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[38] This was not the case in Latin America where national training systems had a longer history and much greater financial support from within their countries.

[39] This is not a universal tendency; Bennell points to the fact that several countries took very seriously the need to reshape training to meet new (post-fordist) production, international competition, and globalisation. These tended not to be in Sub-Saharan Africa. But their overall thrust was to further emphasise the link of training with the formal sector of the economy.

[40] Kenya, for instance, with its very large population, has just five industrial training centres under the Ministry of Labour, for the whole country.

Bennell's sharp critique of both public and non-state provision of training for the poor is situated against a more general claim that developing country governments are not seriously involved in seeking significantly to reduce poverty. In other words, the shortcomings of their targeting of the poor in skills development can be paralleled in many other sectors of government and non-government activity. There are two sets of reasons adduced – weak capacity of institutions to deliver and lack of voice or agency amongst the intended beneficiaries. In line with the more recent thinking of the Commission for Africa (2005) and the UN Millennium Report, the culprit is identified as lack of political will to reduce poverty and lack of the 'necessary skills and orientation to foster continued interaction with a wide range of small and frequently scattered beneficiary groups' (Bennell, 1999: 25). But the result of this combination of weak capacity and absence of political commitment to the poor is a set of services that are "unavailable to the poor, neither needed nor desired by the poor, captured by the non-poor, of low quality, unsustainable, cost-ineffective, or delivered more slowly than necessary to respond to urgent needs" (Buckley, 1997: 93).

Bennell mounts a devastating critique of both the public commitment to and output of training, and the NGO provision. As for the donor involvement, it has very often such development agencies that have been the source of funding for pro-poor training. But 'as separate projects and programmes with their own funding and management structures, they have rarely been effectively institutionalised on a sustainable basis' (Bennell,1999: 27). Public provision is examined in its different training modalities – in schools, pre-employment, women's programmes, for the unemployed, and in micro-enterprises – but the assessment overall is that the impact on the poor has been minimal. The audit shows high costs – sometimes made higher by expatriate involvement, low coverage, and low completion. Running across many of these subsectors is the impact of what may be termed the structural adjustment and marketisation of training. The results are not hard to seek: that hard-pressed and underfunded government programmes turn to the market which can pay rather than to the poor.

The NGOs are much more involved than the state in engagement with the poor. Whether faith-based or secular, international or local, their mandate is frequently to work with the poor who fall outside public provision. In some countries, such as Kenya, NGOs are the only source of institutional support for the disabled and those with special needs – communities with a close link to poverty. Bennell correctly picks out the fact that NGO commitment to the poor – for religious or political reasons – often results in a high quality of training provision. This in turn can lead to institutions such as the 'Christian Industrial Training Centre' in Kenya becoming preferred by formal sector employers for its trainees' attitudes. Which then encourages the non-poor to enrol.

Despite the major involvement by NGOs in poverty reduction, there is surprisingly little hard empirical evidence of what such schemes as 'income-generating projects' for poor women have achieved. But too often the answer is not very different from what Buvinic examined in the 1980s in her analysis of 'Projects for women in the third world: explaining their misbehaviour' (King, 1991:114), or what Goodale showed in her review of a large number of income-generating projects for women – that not one of them had been profitable (Bennell, 1999: 37).

Bennell also reviews the role of participatory skill development, which derives from a Freirian approach to conscious-raising and empowerment. Again, because of the small scale and scatter of such initiatives, there is little hard data on how they perform, but Bennell notes that 'there is a pervasive tendency to under-estimate the key role of external facilitators who need to have exceptional skills and attitudes' and a tendency to romanticise 'the community' when it is very often a combination of competing factions and divisions in which the local elites remain very powerful (ibid. 39).

Given the rather negative account of how skills development, mostly, does not relate to poverty reduction, there is a final section on the need for reform of VET systems with a pro-poor perspective:

However, remarkably little serious attention has been devoted to analysing what exactly the main features of a pro-poor training strategy and related national system should be. Current debates are excessively preoccupied with the 'higher' skills needed to achieve international competitiveness in a rapidly globalising world economy. The ILO should take the lead in initiating a more balanced and well- informed dialogue about skills development for the economically disadvantaged and socially excluded. The ILO's own conventions and recommendations on training will need, therefore, to be carefully scrutinised. It is suggested that serious consideration should be given to the formulation of new international labour standards (convention and recommendation) that specifically address training for the poor and other disadvantaged groups. (Bennell, 1999: 2)

5.2 Skills development, productive employment, growth and poverty reduction

In moving from a very selective review of relevant ILO documentation to an analysis of the relations between education & skill levels and poverty reduction, we need to underline – as we did at the outset of this paper – the absolutely crucial role of growth and of jobs and work.

It is widely accepted that sustained economic growth is critical for sustained poverty reduction (see Osmani, 2003: 2), but that economic growth is an insufficient condition in itself for poverty reduction (Lustig, Arias and Rigolini, 2002; Pernia, 2002). It has been argued that there are two basic channels between economic growth and poverty reduction[41]:

- *The social provisioning channel*: Growth-generated resources are utilised by the society to provide services to the poor so as to enhance their various capabilities.
- *The personal income channel*: Growth of the economy translates into higher personal income of the poor, who then utilise their income so as to enhance their capabilities (Osmani, 2003: 3).

'A crucial variable that determines the functioning of the personal income channel is employment… the quantity and quality of employment of the poor… determines how growth of the economy… translate[s] into higher income[s] [for] the poor. This might be called the 'employment nexus' between growth and poverty' (Osmani, 2003: 3-4).

Poverty reduction, therefore, depends not only on the rate of economic growth but also on the type of growth. For poverty reduction to occur, economic growth must lead to more and better quality (including more productive) employment opportunities for the poor. These opportunities may increasingly not be found in formal employment but will include productive self-employment and work in the informal economy.

Hence while the goals of economic growth and poverty reduction can be seen as complementary, there is often a tension between skills development policies that aim to reduce poverty and those that are seen to be required for global competitiveness (cf. Tikly, Lowe, Crossley, Dachi, Garret, Mukabaranga, 2003: 104).

From a perspective of skills-for-what?, the inescapable interconnectedness of the MDGs on Poverty (Target 1), Education (Target 3) and Decent and Productive Work (Target 16), point to the urgent need to examine possible synergies between these areas. If education and skills training is to promote the socio-economic well-being of the poor, it must improve their prospects for 'decent' work and higher earnings. Employment / self-employment, or rather 'decent work', is seen by many (ILO, 2003; Islam, 2004; Khan, 2001; Osmani, 2003; World Bank, 2004b: 136) as the main pathway out of poverty for the poor. For example, the *World Development Report 2005* argues that 'jobs are the main source of income for people - and the main pathway out of poverty for the poor' (World Bank, 2004b: 136). Further, the ILO notes that:

Poverty elimination is impossible unless the economy generates opportunities for investment, entrepreneurship, job creation and sustainable livelihoods. The principal route out of poverty is work. (ILO, 2003: 7).

6. Skills development and poverty reduction: In search of evidence

This part of the review will examine how skills development, of different levels and types, has been linked to poverty reduction in the literature.

Following the typology in Fig 1, this section will start with a brief overview of the ways in which formal general education (primary and secondary levels) has been linked to poverty reduction. It will then explore the more traditional forms of TVET (ie. school-based TVET at the lower/upper secondary level; Centre/institution-based vocational training; Formal/informal enterprise-based training (including

[41] Where "poverty is viewed broadly to imply basic capability failures (as opposed to just low income) – such as the capabilities to be free from hunger, to live a healthy and active life" (Osmani, 2003: 3).

traditional apprenticeships); Agricultural training; Public or private). This section will conclude with an analysis of general tertiary education and higher level technical/professional skills training (ie. higher-level training at tertiary level in TVET, including training of instructors/teachers; post-secondary agricultural education, training and research; high-level health skills; higher-level business skills; high-level governance skills).

6.1 Formal general primary and secondary education and poverty reduction

All agree that the single most important key to development and to poverty alleviation is education. This must start with universal primary education for girls and boys equally… James Wolfensohn, January 1999[42]

For twenty-five years within the World Bank, and increasingly within other multilateral and bilateral agencies, education, and particularly primary education, have been held to have a powerful relationship with many other development outcomes, and, through these, with the reduction of poverty more generally.[43] This primacy of primary education is symbolised in its position as an MDG. Statements regarding the 'developmental' impact of basic education on almost every other millennium goal is found in chapter one of the EFA Global Monitoring Report of 2002 (UNESCO, 2002), 'Education for all is development'. The 2003 EFA Global Monitoring Report (UNESCO, 2003b) also points out the positive benefits of education, and particularly basic education.[44]

However, UNESCO is by no means asserting that education alone can result in such positive outcomes. There is a very large literature making a similar case. In this review, however, we are more concerned with the particular skills acquired in the basic cycle of education and how these may translate into positive outcome, especially for the poor. It must be said that this large co-relational literature pays scant attention to the specific courses in basic education, whether these are traditionally academic or intended to be pre-vocational. Be that as it may, the EFA Global Monitoring Report on Quality (UNESCO, 2004) also highlights the importance of external contextual factors that impact on the quality of an education system.[45] Some of these factors include: the economic and labour market conditions; socio-cultural and religious factors; aid strategies; educational knowledge and support infrastructure; public resources available for education; parental support; labour demands (UNESCO, 2004: 36). There is, however, less explicit discussion on how external contextual factors impact on educational outcomes. Rather, this is implicit in the discussion related to context and school quality.

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[42] Quoted in the World Bank's *Education Sector Strategy* (World Bank, 1999: iii). It was perhaps dangerous of James Wolfensohn to claim that 'all agree' that the single most important key to development and to poverty alleviation is education since clearly it is more complicated than that.

[43] Much of the earliest research argued that primary education was associated with growth rather than poverty reduction. See even the arguments of the Bank's policy paper from the mid-1990s (World Bank, 1995a).

[44] For example, see the following:
A] Education as a human right:
- A rights based approach to education recognises the intrinsic human value of education (UNESCO, 2002: 14).
B] Education and human capabilities:
- Basic education provides skills that are valuable in their own right, as a fundamental outcome of development (UNESCO, 2002: 14).
- Education can help to displace other more negative features of life; e.g. free UPE will reduce child labour (UNESCO, 2002: 14).
- Education empowers those who suffer from multiple disadvantages (UNESCO, 2002: 14).
C] Education and other development goals:
- Education improves productivity in rural and urban self-employment (UNESCO, 2002: 15).
- Education helps to increase agricultural productivity to a significant extent, [improving] household incomes and reducing poverty (UNESCO, 2003b: 4).
- Private returns to education are highest at the primary level in countries where primary and junior secondary schooling is not yet universal, (UNESCO, 2003b: 4).
- Quality UPE has a positive impact on lower fertility rates, improved nutrition and illness prevention (UNESCO, 2002: 15; 2003b: 4).
- The link between literacy and life expectancy is strong (UNESCO, 2002: 15).
- Increase in wages is associated with an additional year of schooling (UNESCO, 2003b: 4).
- Schooled mothers are more likely to send their children to school and these children tend to have greater longevity at school (UNESCO, 2003b: 30).

[45] There is, of course, also mention of learner characteristics and the teaching and learning enabling inputs (such as teaching materials, human resources and infrastructure) (see UNESCO, 2004: 35-37).

It is worth briefly examining what the literature has to say in relation to the 'general' types of skills learnt through primary and secondary school, and how these have been linked to poverty reduction. As we noted earlier, there have been a number of different approaches to this - for example, correlational.

Perhaps one of the most famous correlational studies is the claim that four years of education increases agricultural productivity by about 10% (Lockheed, Jamison and Lau, 1980). This claim has been referred to repeatedly in policy documents, often without reference to the 1980 study, as a means of promoting primary/basic education in rural areas. But, this claim has frequently been distorted in policy documents and often appears without reference to any of the caveats of the 1980 study which actually tell a very different 'story' (see Box 7).[46]

However, there is a conceptual problem with including basic primary education as part of our search for the evidence on 'skills development' and poverty reduction. Of course, the terms 'literacy and numeracy skills' and 'life skills' are frequently used of those capacities acquired in primary school. It is in this sense that the World Bank's 1991 VET paper argued that the 'skills' in primary and secondary school were a crucial foundation on which later 'skills' could be built. By providing this essential base, the primary school could be said to contribute to poverty reduction:

Training in specific skills is more effective when trainees have strong literacy, numeracy, and problem-solving skills. Primary and lower secondary education provide this foundation for many traditional crafts and trades. Primary education also helps improve the productivity and incomes of the poor in rural areas (World Bank, 1991: 30).

But as we have made explicit above, the basic primary and junior secondary school can only provide this foundation for the poor if it is of good quality. In many of the poorer countries, by contrast, the quality of the schools attended by the poor is so appalling that the parents often remove their children from what they correctly see as dead-end or 'sink schools'.[47]

Recent quantitative research evidence from Ghana (e.g. Canagarajah and Pörtner, 2003; Teal, 2001; World Bank, 2004c: Annex K), and other developing countries, point to the importance of formal post-basic education as a means of accessing higher incomes and hence combating income poverty (cf. Appleton, Hoddinott and Mackinnon, 1996). Statistical analysis shows that 'there appears to be low return to having a primary education' (Canagarajah and Pörtner, 2003: 59), and that middle school education (or JSS) has only a marginal impact. A World Bank report finds that 'significant positive returns are only found for senior secondary and tertiary graduates' (World Bank, 2004c: 197).

But it is not just higher incomes that appear to be related to senior secondary education levels. Research evidence from developing countries shows the importance of senior secondary, and other post-basic levels, in relation to labour allocation to more productive activities, health indicators, remittances, and the ability to make use of technological advances (cf. Palmer, 2005c). Lewin further highlights the importance of secondary education and points to a number of reasons why it is timely to refocus educational financing to include this level (Lewin, 2004).[48]

6.2 Technical and vocational education and training and poverty reduction

Our second level of investigation for research evidence on this key relationship is TVET.

Since 1990 and the World Conference on EFA in Jomtien, the attention of international development agencies has become increasingly focused on basic, and especially primary, education at the expense of post-basic education, a focus that has become set in the time-bound targets of the MDGs. The focus on basic, and especially primary, education has contributed to the neglect of post-basic education and training (King and Palmer, 2005b; Palmer, 2005b, c; World Bank, 2004a). Interest in traditional forms of skills training, in the form of TVET, has suffered as a result of the focus on other

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[46] For an extended analysis of this see King and Palmer, 2005b and King, Palmer and Hayman, 2005.

[47] See further Avalos (1986) *Teaching children of the poor*: *an ethnographic study in Latin America.*

[48] 1. EFA policies have led to a massive increase in primary school leavers; 2. MDG2 and MDG3 are unachievable without expanded post-primary involvement; 3. Secondary schooling helps to reduce HIV/AIDS (MDG6); 4. As primary school becomes universalised, participation at secondary level will become a major determinant of life chances and a major source of subsequent inequality; 5. National competitiveness depends on higher levels of education; 6. Secondary curriculum reform has been neglected; 7. Secondary education is crucial to post-conflict situations; 8. Increased access to secondary is not possible under current cost structures.

development goals (Fluitman, 2005). Indeed, the international neglect of skills training is underlined by its absence in the MDGs.

The only MDG that could be said to implicitly relate to skills training is MDG 8, Target 16: 'develop and implement strategies for decent and productive work for youth'. Part of the strategy for decent and productive work promotion is clearly skills development, but so long as this is not made explicit, and if donors follow the MDGs too narrowly, there is a danger that skills training will remain on the side-line of the international education agenda.

Similarly, the neglect of skills training is seen in many poverty reduction strategy papers (PRSPs) where, as far as education and training are concerned, UPE is prioritised (Caillods, 2003; cf. Bennell, 1999). Indeed, the ILO notes that 'a striking feature of most poverty reduction strategies is the absence of vocational education and training' (ILO, 2003: 8). The neglect of skills training for the informal economy in the MDGs and many PRSPs seems particularly worrying, given that this represents the largest post-school training destination in most developing countries, and that in transition countries the informal economy is now a large provider of employment.

However, there is concern among development partners that the MDGs are more restrictive than what was agreed at Dakar in 2000 and Jomtien in 1990 (UNESCO-IIEP, 2004). The Dakar, and especially the Jomtien, agreements made skills training a much more explicit priority. The six Dakar goals included the goal of 'ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programmes' (UNESCO, 2000). [49]At Jomtien, article five of the World Declaration included 'skills training, apprenticeships, and formal and non-formal education programmes' (WCEFA, 1990).

Indeed, '[c]urrent international policy debates demonstrate the need for an expanded vision of EFA, closer to the spirit of Jomtien' (UNESCO-IIEP, 2004: 78). Several international agencies, like UNESCO, are returning to the expanded EFA vision of Jomtien, and are therefore stressing the importance of skills training within EFA (UNESCO-IIEP, 2004). For example, the 2005 UNESCO EFA Global Monitoring Report, *Education for all: The Quality Imperative*, discusses the importance of skills development (UNESCO, 2004: 133-135).[50] Moreover, the UN World Summit, 14-16th September 2005, further sees a widening of the MDGs to include formal and informal education, TVET, secondary, and higher education. The final draft resolution of the *2005 World Summit Outcome* notes that:

We emphasize the critical role of both formal and informal education in the achievement of poverty eradication and other development goals as envisaged in the Millennium Declaration, in particular basic education and training for eradicating illiteracy, and strive for expanded secondary and higher education as well as vocational education and technical training[51], especially for girls and women, the creation of human resources and infrastructure capabilities and the empowerment of those living in poverty. In this context, we reaffirm the Dakar Framework for Action adopted at the World Education Forum in 2000 and recognize the importance of the United Nations Educational, Scientific and Cultural Organization strategy for the eradication of poverty, especially extreme poverty, in supporting the Education for All programmes as a tool to achieve the millennium development goal of universal primary education by 2015. (UN, 2005: 11, section 43)

The importance of skills training for poverty reduction and growth is becoming increasingly recognised. For example, the World Bank's *Skills Development in Sub-Saharan Africa* (2004a: 16-17) makes the case for the importance of investing in skills training in Sub-Saharan Africa today:

- 'Globalization and competition require higher skills and productivity among workers, both in modern companies and in the micro and small enterprises that support them' (World Bank, 2004a: 16).

- 'In many countries in Sub-Saharan Africa, technological changes require richer cognitive content, higher skill levels in the labour force, and continued enhancement of work force skills. Exploiting

[49] There are no less than two references to life skills in the Dakar Goals; one of these is mentioned above; the other puts life skills in the same group as literacy and numeracy skills. In neither case is life skills as linked to occupations as the reference to skills in Jomtien.

[50] These draw on four country case studies by IIEP, of Nepal, Lao, Mali and Senegal, and they are more concerned with skills training through NGOs, and nonformal education than with the skills training associated with the ministries of labour.

[51] In view of what we have said all along about VET vs skills development, it is interesting to note that the summit does not use the language of skills development.

the potential of information and communications technology (ICT) requires a strong skills base… A labour force with a solid basic skills foundation is essential for countries to exploit the opportunities opened by technological change' (Betcherman, 2001 in World Bank, 2004a: 17).[52]

- Structural adjustment policies have resulted in an, often significant, displacement of workers (particularly from the public sector), who often need upgrading of their skills (World Bank, 2004a: 17).

- Investing in the productivity and skills of economically and socially vulnerable groups is essential for poverty reduction is one of the main messages of *Can Africa Claim the 21st Century?* (World Bank, 2000a). 'Skills are an important means to increase incomes and sustainable livelihoods for the poor (World Bank, 2004a: 17).

- Skills development becomes both more important and more difficult as a result of HIV/AIDS (World Bank, 2004a: 17).

The latest draft of the World Bank's Education Sector Strategy Update, entitled. *Achieving the MDGs, Broadening our Perspective, Maximizing our Effectiveness*, highlights the importance of skills training for poverty reduction in the informal economy: '[R]eaching the informal sector with skills development will be important for poverty reduction' (World Bank, 2005b: 9).[53] The ILO's *Working Out of Poverty* document (ILO, 2003: 8) also stresses that 'skills are essential to improve productivity, incomes and access to employment opportunities'.

Parallel to what we saw of the primary level, skills learnt though traditional TVET are often linked with positive developmental outcomes, including the alleged positive impact skills have on the nature of employment outcomes in an economy. Let us examine some of the evidence and claims regarding skills training (TVET) and poverty reduction. We shall be obliged to admit that there are more claims than hard evidence in this area. We can look at the different levels of skills training through TVET: Private formal/informal enterprise-based training (including traditional apprenticeships); Centre/institution-based vocational pre-employment training (public/private); school-based TVET at the lower/upper secondary level (public/private); Agricultural training.

In a general analysis, the ILO (1998) saw training as being important for workers in the informal economy and discussions during a workshop of donors and researchers on a draft of *Skills Development in Sub-Saharan Africa* (cf. World Bank, 2004a) noted a definite link between skills training and poverty reduction, and argued that skills training is good for growth, productivity and innovation (Fluitman, 2002). Skills development is often said to be beneficial to informal sector operatives in a number a ways:

Firstly, it is widely assumed that skills training in the informal economy increases productivity, quality, diversity and occupational safety and improves health, thereby increasing incomes and hence leading to reductions in poverty levels for these workers and their families (cf. Fluitman, 2002; World Bank, 2004a: 128). The World Bank notes that:

The importance of skills training for the informal sector is rooted in the need to enhance productivity of informal sector activities and improve the quality of its products and services, in order to raise the incomes of those employed in the sector. (World Bank, 2004a: 128)

Secondly, it has been argued that skills training helps to develop social capital. Training allows for a gradual building up of informal business networks (with suppliers, customers, other apprentices and masters) (Assad, 1993). 'Informal social networks' (Hart, 1973) will be strengthened and knowledge about informal sector associations and contacts will be gained.

Thirdly, skills training can help develop business skills and experience. Training in the work place results in experience in, and the development of, general business and managerial skills, including customer relations skills, crucial to apprentices' future survival as independent entrepreneurs (Fluitman, 1994). Since informal skills training occurs on-the-job it is highly relevant to the real world of work, and allows apprentices to get acquainted with real work conditions.

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[52] See: Betcherman, G. (2001) *Overview of Labour Markets World Wide: Key Trends and Major Policy Issues*. Paper prepared for World Bank Institute course, Labour Market Policies, April 23–May 4. World Bank, Washington.

[53] It is important to note, however, as we did in the section on the World Bank, that the predominant focus in the ESSU is on the newer notion of flexible skills for the knowledge economy.

Fourthly, given that most people, particularly in rural areas, practise occupational pluralism – working both on and off the farm - the increased productivity resulting from skills training in non-agricultural rural employment has positive knock-on effects to agricultural enterprises, principally through cross-financing (Palmer, 2004b: 35-36).[54]

Fifthly, traditional apprenticeship skills training represents the most accessible source of training for the poor. Relative ease of entry into informal skills training means that traditional apprenticeships are by far the most widespread source of skills training in West Africa (and SSA more widely). They provide a cheap way for the poor to acquire skills and as an important source of technical skills for those who cannot access formal training. Traditional apprenticeship is much cheaper than formalized training.[55] Parents can often pay over time. This makes traditional apprenticeship a viable, and the most accessible, destination for basic-education graduates.

In the Annex we present some detailed illustrations, from various countries, both of the kinds of impact TVET has on poverty reduction, and of the limitations of such programmes. Three of the examples are deliberately taken from one country to illustrate the range of initiatives that are often present within a single state. In this sense, it confirms the analysis of Bennell in his review summarised above.

Case 1, examines traditional apprenticeship training in Ghana, and notes that although apprenticeships are the most accessible skills option for the poor, the very poor are still excluded through the cost. Also that apprenticeship training suffers from constraints that inhibit its poverty reducing impact.

Case 2, examines the current Skills Training and Entrepreneurship Programme (STEP) in Ghana, concluding that – despite being central to the Government of Ghana skills drive, allegedly to combat unemployment – the employment outcomes of most STEP graduates are unknown and evidence suggests that people are not using their acquired skills.

Case 3, examines a World Bank funded skills project in Ghana – the Vocational Skills and Informal Sector Support Project (VSP) (1995-2000). Positive outcomes from this project were reported, but overall the project was deemed 'unsatisfactory' for a number of reasons.

Case 4, looks at an ILO/UNDP funded community-based skills project in Cambodia and shows more positive findings: follow-up surveys revealed that over 82% of trainees were working and using their new skills and were earning US$33 a month on average, well above the average per capita GDP of about US$22 a month.

Case 5, examines an ILO project (2002-2005) in Pakistan and the Philippines, Training for Rural Economic Empowerment (TREE). This project appears to have been remarkably successful; follow-up surveys reveal that in Pakistan and the Philippines 81% and 85% respectively of participants in the TREE training programmes are utilizing their skills acquired for income generation.

Case 6, looks at the 'Chile Joven' in Latin America that has delivered flexible, demand driven training to 160,000 people (1991-2001).

Lastly, Case 7, examines the World Bank financed Vocational Education Reform Project in China (1996-2002). Part of this project involved the development of 80 key secondary vocational and technical schools as models for upgrading the quality and efficiency of vocational education in areas where demand for skilled labour outpaced supply. About 91% of students trained in these 80 reformed schools found employment within six months of graduation.

The above examples are in many ways typical of the challenge of evaluating the success of skills for poverty reduction. With the exception of the traditional apprenticeship activity which is genuinely enormous in scale, all the others are projects or programmes of very much smaller scope. Some like TREE are tiny. It has not been possible to examine, at the field level, the formula that is at work in the ILO's community based training or the TREE project, but as Bennell, Mayoux and Grootings[56] have all implied, there are often difficulties in sorting out the role of the catalysers and champions of such very

[54] Cross-financing involves the use of profits from one (farm or non-farm) enterprise as an input for another (farm or non-farm) enterprise. The relationship is two-way, with farm activities cross-financing non-farm activities and vice-versa. The existence of farm-non-farm linkages are well acknowledged (eg. Haggblade, Hazel, and Brown, 1989; Reardon, Berdegue and Escobar, 2001).

[55] For example, a carpentry apprentice in Ghana might typically pay about 500,000 cedis (c.£30) total for a three year apprenticeship. A formal vocational school might charge up to one million cedis (c.£60) a year for three years.

[56] Grootings: comments to a Working Group/NORRAG workshop on skills development and poverty reduction, January 2005, IUED, Geneva

'successful' pilots, and of assessing how the projects can be scaled up and become part of the ordinary environment.

Skills development, rural development and poverty reduction

Among those engaged in agriculture, poverty alleviation can occur through raising incomes, which results from a) higher agricultural productivity and b) better market linkages and competitiveness (Johanson, 2005). Thus, there are two critical issues – the need to increase productivity of subsistence smallholders and the need to support the trend towards more commercial production (Johanson, 2005).

Agricultural growth contributes to reduction of poverty both directly and through its linkages with rural non-farm activities; increased income from expanded agricultural output stimulates the development of rural non-farm enterprises (Johanson, 2005). Increased agricultural productivity frees up people to work in higher value-added non-farm work (ibid.).

McGrath notes that 'a case can also be made relatively easily for the importance of skills development in supporting rural development' (McGrath, 2005):

Firstly, improved skills and improved agricultural development can work in a mutually reinforcing manner to assist with the realisation of the MDGs (ibid.).

Secondly, it is argued by some agencies that a pro-poor focus inevitably requires a major commitment to attacking rural poverty and, for several agencies, skills development is an integral part of any strategy to address these issues (ibid.).

Thirdly, there is a more growth-oriented case made. There is considerable historical precedence for arguing that a rise in agricultural productivity and innovation has been a major engine of overall economic growth and development. It is argued that, particularly in Africa, there are real possibilities for significant productivity increases that are easily achievable and are sustainable. Clearly, such a breakthrough will require improvements in skills and knowledge. Thus, importance is given by some agencies to ways of enhancing skills, knowledge and attitudes for productivity, innovation and diversification (ibid.).

6.3 General tertiary education, higher-level technical/professional skills and poverty reduction

The accumulation of human capital, and the degree to which positive developmental outcomes are realised from this accumulation, depend on the inter-relationships between education and training at all levels. Here we turn to post-basic education and training domains.[57]

Several recent international documents now highlight the importance of post-basic levels of education and training for growth, global competitiveness and poverty reduction (see, for example the Commission for Africa, the UN Millennium Project, the World Bank's *Constructing Knowledge Societies*, the World Bank *Secondary Education Policy Paper*, and the new World Bank *Education Sector Strategy Update*).[58] For example, one of the objectives of the new USAID education strategy, *Improving Lives Through Learning* (USAID, 2005), explicitly focuses beyond basic education to enhance knowledge and skills for productivity.

Indeed, this re-acknowledgment of the education and training system as a whole and hence the search for the development of a more balanced education and training system go some way to reduce the tension, we noted above, between skills development policies for poverty reduction and those for growth and global competitiveness.

This holistic view of a country's education and skills training system is more likely to create the skill-mix needed for sustainable growth in developing countries and LDCs. Wood (1994) argues that sustained economic growth cannot be built on low-skilled labour alone, therefore a longer-term perspective must emphasise skills enhancement. Acemoglu (1996) found that productivity is

[57] See King and Palmer (2005b), King, Palmer and Hayman (2005), Palmer (2005c) and other papers produced by the Centre of African Studies at the University of Edinburgh on a recent DFID-funded project on post-basic education, training and poverty reduction, available at http://www.cas.ed.ac.uk/research/pbet.html.

[58] Outlined in King, K., Palmer, R. and Hayman, R. (2005) Bridging research and policy on education, training and their enabling environments. *Journal of International Development* 17(6):803-817.

increased by the interaction of skill-levels among workers. Transferring this analogy to the economy as a whole, Ramacharan (2002) argued that countries should not push for universal primary education at the expense of other (post-primary) levels. Ramacharan suggests that poor countries will grow more rapidly if they have a balance of unskilled, semi-skilled and highly skilled workers. Thus, not only does there need to be an enabling environment in place, as we noted above, but the skill-mix in a country needs to be right and hence resources need to be invested at all levels of the education system.

Arguing for a more balanced education and training system raises a number of questions: in a given country, what is the right balance to achieve, how is it achievable and sustainable? As Tikly et al. (2003: 105) note 'it is likely that each country will have a different approach according to their skills development needs and strategies.'

The need for a balanced skills mix in all developing countries, with the simultaneous promotion of skills development for poverty reduction and for growth and competitiveness, means that it is not possible to think of skills development in an evolutionary way for economies at such early stages (low levels) of development versus more developed developing economies and even developed economies (where skills development is seen as vital for competitiveness).

King and Palmer (2005b) and King, Palmer and Hayman (2005) discuss the role post-basic education and training can play in poverty reduction. According to these authors, one function of post-basic education and training is in the development of a wider educational environment that improves the outcomes of primary/basic education. It is post-basic education and training that, through training teachers, developing new curricula, training educational managers and supervisors have a key role in raising the quality and improving the delivery context of education and training at all levels.

Increasing the quantity and quality of basic education in a country without also increasing the quantity and quality of post-basic education and training will inevitably result in capacity constraints. This is most obviously illustrated by the huge increases in primary enrolments in many developing countries over the last decade, and the resulting dilution of quality due to lack of trained teachers, educational managers and supervisors. Hence, while these higher-level skills have the potential to contribute directly to productive capacity development, they may also play a key role in catalysing the vocational and agricultural workforce skills.

The development of higher-level skills though post-basic education and training also contribute, in part, to the development of the wider non-educational environment (King and Palmer, 2005b; King, Palmer and Hayman, 2005) which is essential if skills are to translate into productive capacity, and hence into poverty reduction and growth. This non-education environment includes the creation of supportive technical, agricultural, governance, business and health environments. For example:

- Higher technical, vocational and agricultural education, as well as teacher training are all essential to support the lower level vocational and agricultural workforce skills.
- Post-secondary agricultural education and training, such as agricultural research, agronomy, botany and biochemistry all have the potential of developing more suitable high-yielding-variety or drought-resistant crops, and hence have the potential to increase agricultural productivity.
- Governance skills, such as policy making skills, project design, management and evaluation skills have, for example, the potential of contributing to the development of a more effective, efficient and productive skills strategy.[59]
- Higher-level business skills are required to design and implement business skills training suited to the needs of the workforce. These might include entrepreneurial skills, management, marketing and trading, packaging, dealing with banks, book-keeping and accountancy, micro-enterprise management.
- High-level health skills are required to provide sufficient numbers of health professionals – doctors, nurses, pharmacists and so on – to meet the demands of a country's workforce. A workforce that has limited access to, often, poor quality healthcare will obviously be less productive.

[59] Earlier we noted that the World Bank's Capacity Building in Africa (2005b) points to huge deficits of these skills.

These higher-level skills, that are largely a function of senior secondary, tertiary and polytechnic education, also have the potential, in the right enabling context, to contribute to employment creation (Sengedo et al, in Alila and Pedersen, 2001), the development of a knowledge economy (World Bank, 2002), and serve to stimulate economic growth (De Ferranti et al, 2003; World Bank, 2005a) as well as promoting innovation, inventiveness and research. Secondary and tertiary education contributes both to the development of technological advancement itself, and makes workers more able to make use of technological progress. These higher order skills all have the potential to enhance the outcomes of lower level vocational and agricultural workforce skills, but something else is still needed.

6.4 General arguments for and against more attention to skills development

The general arguments for and against more attention to skills development are different according to which levels are examined. Following an overview of these general arguments, this paper will analyse the skills development and utilization situation in impoverished transition countries, and will then discuss briefly more of the specific differences and similarities between these countries and countries with high poverty levels. What follows should not be taken as a discussion on 'trade-offs' between levels of education and training – we noted earlier that both developing and impoverished transition countries need to have a balanced skills mix. All levels of skills development have a role to play in the right context, and the challenge is to find the right balance for a given country context.

General arguments for more attention to skills development…

In primary education:

- Many positive developmental outcomes associated with education: e.g. increased health, income and productivity benefits;
- It is the basis of further learning;
- Poverty focused.

In secondary education:

- Direct income benefits for individuals are higher at this level, especially in the upper secondary level;
- Upper secondary education is more useful in the development of a knowledge economy (compared to lower secondary or primary);
- Primary/lower-secondary completion rates are likely to fall if there are insufficient lower and upper secondary places to encourage completion at lower levels.

In tertiary education:

- Direct income benefits for individuals are highest at this level;
- Helps to develop a supportive education environment, e.g. through training teachers and developing educational materials;
- Helps to develop a supportive non-education environment, e.g. through training extension workers, health professionals and so on;
- Needed for the development of a knowledge economy and for international competitiveness.

In traditional apprenticeship training (Fluitman, 2002; World Bank, 2004a):

- Skills training is highly relevant to the real world of work. Youth acquainted with real work conditions;
- Work-based practical training. Learning by doing;
- Are more effective than the pre-employment training that occurs in many schools, institutes. E.g. trainees are usually more mature and motivated than in formal pre-employment training;

- Training allows for a gradual building up of informal business networks (eg. with suppliers and customers) and development of general business-related skills, including customer-relation skills;
- Low cost and Self-financing. No need for subsidies. Costs borne by apprentices and their family. No cost to government or community. Costs are cheaper than formalized training. Parents can pay over time;
- No need for training centre or separate tools/equipment for training;
- Self-regulating;
- No tradition of government support, control or supervision;
- Major source of skills development among all training sources in developing countries, and emerging in importance in countries like Uzbekistan;
- Important source of technical skills for those who cannot access formal training;
- Ease of entry from early age to age 18-20;
- Can result in employment in the same workshop or enterprise;
- TVET has traditionally been neglected as a form of skills development.

In formal enterprise-based training:

- Training is highly relevant to the real world of work;
- Company pays for the training;
- Work-based practical training. Learning by doing;
- TVET has traditionally been neglected as a form of skills development.

In modular skills training:

- Often more demand led (but sometimes not, see Box 3 on STEP in Ghana);
- Shorter duration allows people to acquire skills more quickly and to do different short courses according to the skills needs in the labour market;
- TVET has traditionally been neglected as a form of skills development.

In school-based TVET:

- Provides pre-employment training in ‘employable skills’;
- TVET has traditionally been neglected as a form of skills development;
- Provides recognised qualifications.

In vocational training centres/institutes:

- Provides pre-employment training in ‘employable skills’;
- TVET has traditionally been neglected as a form of skills development;
- Provides recognised qualifications;
- Some providers (eg NGOs) are usually more focussed on informal sector employment outcomes, and so have a stronger poverty focus.

In public providers:

- There is a need to improve quality and relevance of existing public providers.

In private providers:

- Government does not pay, and so money is theoretically free to be used elsewhere;
- Expands the capacity of different levels by providing more places in education and training;
- The quality of private provision tends to be better than public provision, particularly in for-profit providers who are essentially selling a service (education/training) and would go out of business if the market considered their service inferior.

In donor-funded (including NGO projects):

- Are useful to test new approaches;
- Often reach those not reached by the public or private sectors;
- Are often integrated skills packages with post-training support and evaluation.

Cross-cutting arguments for more attention to skills development:

- Skills acquired through education and training help to develop the largest asset of the poor: their labour;
- There is a need to improve the quality of education and training at all levels.

General arguments for less attention to skills development…

In primary education:

- There is a need to deal with the Education-For-All (EFA) - For What? question, particularly in developing countries. What is the point in spending more on primary education and getting increasing numbers of people through this level, when there are very little opportunities for primary graduates to utilize their skills acquired?;
- Rapid expansion of the primary level will lead to dilution of quality and 'capacity constraints' as there are insufficient teachers to educate the children;
- There has been too much focus on primary education and too little focus on higher levels of education and training.

In secondary education:

- At the lower secondary level, the EFA - For What? question is also relevant;
- The poor are generally not represented at the upper secondary level, particularly in developing countries, and hence attention should be on primary and lower secondary it is to be pro-poor;
- Secondary education is more expensive than primary education;
- Expansion of secondary levels might lead to quality dilution

In tertiary education:

- The poor get very limited access to tertiary education and do not see the direct benefits;
- The cost is much higher than secondary or primary education.

In traditional apprenticeship training (Fluitman, 2002; World Bank, 2004a):

- Static, not dynamic; introduction of new product designs and production technologies excluded; traditional technologies perpetuated;
- No link with formal training. Hence no exposure to modern training approaches;
- Master-craftsmen often lacking in teaching skills;

- Incomplete contents in training. No predetermined training program with curricula and training materials;
- No clear oranizational structure;
- Mostly involves passive learning and not experimentation;
- Lack of attention to theoretical aspects;
- Some masters do not teach full range of skills for fear of competition from graduated apprentices;
- Varying quality of both training and working conditions. Lack of clear standards and monitoring;
- Varying quantity. Coverage can be limited;
- Limited portability. Often no accepted certification;
- Risk of exploitation of apprentice due to lack of supervision of training providers;
- Often long duration (up to eight years);
- Possible screening out of poor applicants if up-front payment required;
- Entry of very young children;
- Low educational levels of apprentices often limit results;
- Graduated apprentices starting a business in competition with master craftsperson for same customers;
- No training follow-up support (eg. Credit, BDS).

In formal enterprise-based training:

- It is usually the better educated employees that benefit from this form of training.

In modular skills training:

- Courses are often criticised for being too short and of insufficient duration for people to acquire the full range of skills necessary to practice a trade.

In school-based TVET:

- It is more expensive than general education;
- The effectiveness of diversified secondary schooling has been questioned by the World Bank for over twenty years[60];
- Courses are often too concerned with passing exams and hence become skewed towards theory-based learning at the expense on practical training;
- The vocational school fallacy: Foster argued that 'schools are remarkably clumsy instruments for inducing prompt large-scale changes in underdeveloped areas' (Foster, 1965: 144) and the unemployment problem cannot be solved through the school. In Foster's view, it is largely what happens outside of the school that determines how educational outcomes translate into employment outcomes. Unemployment is an economic, not an educational, problem.

In vocational training centres/institutes:

- The vocational school fallacy (above);

[60] "There has been no consistent empirical indication of changes in the attitude of students towards labour; in the majority of projects, student still preferred academic fields to vocational training... Because the amount of specialised work included in the curriculum may be insufficient for the formation of skills, the diversified second school is a questionable method for training large numbers in specific vocational skills" (World Bank, 1980b: 45).

- There is usually no form of post-training support which inhibits graduates utilizing their skills.

In private providers:

- Reliance too heavily on private provision might further marginalise the poor, who will not be able to afford access to this type of education;
- For-profit private providers are unlikely to be present in poor areas since people could not afford to pay fees.

In donor-funded (incl NGO projects):

- Issues of sustainability;
- Issues of scaling up small projects.

Cross-cutting arguments against more attention to skills development:

- There is a need to strengthen the enabling environment otherwise education and skills acquired cannot be fully, or even partially, utilized. It is not simply a case of increasing the supply of educated and skilled workers through investing heavily in expanding the provision of education and training. Education and training, alone, do not result in increased productive capacity in the form of employment. If the skills cannot be put to use, potential capacity may be increased, but actual productive capacity will not be.

7. Skills, employment and poverty reduction in impoverished transition countries

7.1 A different and changing context

Before we assess skills development and skills utilisation in the impoverished transition countries, it is necessary to have some contextual information related to the economy and labour market trends.

Following the collapse of the Soviet Union at the early 1990s, the countries of Armenia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan and Uzbekistan were amongst the twenty-six countries that embarked upon a process of transition from planned to market-oriented economies. 'The six countries started the transition from significantly different initial points in terms of human development, structural composition of their economies and the type of transition strategy chosen. Despite these differences, the economic and social costs of the transition process have been more or less similar including declining outputs, rising unemployment, falling wages, and increasing levels of poverty and inequality' (Islam, 2003: i).

The UNDP's *Regional Human Development Report* characterized the social situation in the Commonwealth of Independent States (CIS) and Central and Eastern Europe (CEE) region as 'the most acute poverty and welfare reversal in the world' (cited in Musiolek, 2002: 1). Since 1990, the CIS/CEE region has 'experienced a dramatic increase in poverty. The number of people living on less than $2 a day in Central and Eastern Europe and the CIS rose from 23 million in 1990 to 93 million in 2001, or from 5% to 20%' (UNDP, 2005: 34). Poverty tends to most severe in rural areas. For example, in Kyrgyzstan and Uzbekistan 70 to 80% of the poor live in rural areas, while in Kazakhstan, this share is 60% (Morel, 2004). 'The poor are heavily concentrated among small farmers, and those engaged in a wide range of manufacturing and service activities in the largely non-regulated informal sector' (Morel, 2004: 3, bold in original).

Table 5 shows some selected human development indicators for the more impoverished transition countries of Kazakhstan, Armenia, Kyrgyzstan, Uzbekistan, Moldova and Tajikistan. A glance at this table reveals that the population of these countries are very literate, with an average of 99% adult literacy rate, compared to 77% in developing countries and 61% in Sub-Saharan Africa. The Human Development Index (HDI) values for the impoverished transition countries are good compared to developing countries. However, the GDP per capita incomes for some of these countries (especially

Kyrgyzstan, Uzbekistan, Moldova and Tajikistan)[61] are low, high levels of the populations live below US$4/day and the GDP per capita growth rate is fairly stagnant or negative in many countries. The HDI values for the impoverished transition countries are likely to be skewed by the high adult literacy rates and gross enrolment ratios (in primary, secondary and tertiary) relative to the low levels of GDP per capita. Sub-Saharan Africa as a whole has a higher GDP per capita income (at purchasing power parity) than Kyrgyzstan, Moldova, Tajikistan and Uzbekistan, but much lower adult literacy rates than these countries.

[61] Kazakhstan shows much higher levels of GDP per capita compared to the other CIS countries. This is linked to the development of the oil and gas business, but income distribution inequalities are growing rapidly (Morel, 2004: 3).

Table 5. Selected Human Development Indicators for the CIS, 2003

	HDI Ranking 2003	HDI Value 2003	Adult literacy rate (% aged 15 and above) 2003	GDP/ capita PPP US$	Population below US$4/ day (%) 1996-99 (x)	GDP/capita annual growth rate (%) 1990-2003
Kazakhstan	80	0.761	99.5 y	6,671	62	0.4
Armenia	83	0.759	99.4	3,671	…	2.8
Kyrgyzstan	109	0.702	98.7 y	1,751	88	-2.4
Uzbekistan	111	0.694	99.3 z	1,744	…	-0.5
Moldova	115	0.671	96.2	1,510	82	-5.7
Tajikistan	122	0.652	99.5	1,106	…	-6.5
CIS	n/a	0.707	98.8	2,742	77 (i)	-2
CEE & CIS	n/a	0.802	99.2	7,939	…	0.3
Developing Countries	n/a	0.694	76.6	4,359	…	2.9
LDCs	n/a	0.518	54.2	1,328	…	2
Sub-Saharan Africa	n/a	0.515	61.3	1,856	…	0.1
OECD	n/a	0.892	…	25,915	…	1.8

Source: UNDP, 2005 – Human Development Indicators

(x) - data refer to the most recent year available; y - data refer to a year between 1995 to 1999; z - Estimate produced by UNESCO in July 2002; (i) - average for Kazakhstan, Kyrgyzstan and Moldova only; CEE - Central and Eastern Europe; CIS - The Commonwealth of Independent States; n/a - not applicable; … - not available

Since the early 1990s, Kazakhstan, Armenia, Kyrgyzstan, Uzbekistan, Moldova and Tajikistan have all seen sectoral shifts in the composition of GDP and in the composition of employment (Table 6 and 7). Industry's share of GDP has fallen in all countries (Table 6), and in all countries (save Uzbekistan) there have been significant reductions in those employed in industry. In most cases, in 2000 there were 50% less people employed in industry than there were in 1990 (Table 7). Agriculture's share of GDP appears to show no general trend. In three of the countries there has been a significant increase in the percentage of those engaged in agriculture, while the other three countries have seen a reduction (more marked in Kazakhstan). For example, in Armenia the percentage of those engaged in agriculture increased from 17.4% in 1990 to 44.4% in 2000. Similarly, Tajikistan saw an increase from 42.9% in 1990 to 67.2% in 2000 (Table 7). 'With regards to services, all the countries have experienced a significant rise, due primarily to the increase in informal service activities' (Torm, 2003: 6).

Table 6 Sectoral Composition of GDP (in percentages)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Armenia													
Agriculture	17	25	31	51	45	42	37	32	34	30	25	28	26
Industry	52	49	39	27	37	32	33	33	31	32	36	34	33
Services	31	26	30	22	18	26	31	35	35	38	39	38	41
Kazakhstan													
Agriculture	n/a	n/a	27	18	15	13	13	12	9	11	9	9	9
Industry	n/a	n/a	45	39	40	31	27	27	31	35	43	39	43
Services	n/a	n/a	29	43	45	56	60	61	60	55	48	52	48
Kyrgyzstan													
Agriculture	34	37	39	41	41	44	50	43	40	38	39	37	39
Industry	36	36	38	32	26	20	18	22	23	27	26	28	26
Services	30	28	23	27	34	37	32	36	38	36	34	34	35
Moldova													
Agriculture	31	43	51	33	29	33	31	30	31	28	28	26	25
Industry	39	33	32	44	38	32	31	29	24	19	20	24	24
Services	30	24	18	24	32	35	38	41	46	53	52	50	51
Tajikistan													
Agriculture	33	38	27	23	24	38	39	35	27	19	19	29	n/a
Industry	38	38	45	46	41	39	31	27	26	25	26	29	n/a
Services	29	25	28	30	35	23	30	37	47	57	55	41	n/a
Uzbekistan													
Agriculture	33	37	35	30	37	32	26	32	31	34	35	34	33
Industry	33	37	36	35	26	28	31	26	26	25	23	23	21
Services	34	27	29	35	36	40	43	42	43	42	42	43	46

Source: World Bank, 2003 in Torm, 2003: 7

Table 7 Sectoral employment as a percentage of total employment

	1990	1995	2000
Armenia			
Agriculture	17.4	37.4	44.4
Industry	30.4	20.5	14.1
Services	40.6	37	37.9
Kazakhstan			
Agriculture	22.8	10.2	3.7
Industry	20.3	12.4	10.5
Services	40.7	49.7	n/a
Kyrgyzstan			
Agriculture	32.6	41.6	53.1
Industry	19.1	14.6	8
Services	n/a	n/a	32.8
Moldova			
Agriculture	32.5	45.2	27
Industry	30.3 (22)	16	19.1 (16.1)
Services	n/a	n/a	n/a
Tajikistan			
Agriculture	42.9	59.1	67.2
Industry	13.4	9.8	7.5
Services	8.3	4.4	n/a
Uzbekistan			
Agriculture	43.5	45.8	34.4
Industry	13.9	12.4	12.7
Services	7.2	6	7.5

Sources: UNDP (2002a), EIU Country Profiles, various years, cited in Torm, 2003: 28

The official unemployment data for all six countries suffers from serious shortcomings and only reveals relatively low levels of unemployment (Torm, 2003). Official unemployment ranges from 10.3% in Armenia (2001), 2.9% in Kazakhstan (2001), 4.3% Krygyzstan (1997), 1.8% in Moldova (2000), 3% in Tajikistan (2000) and 0.6% in Uzbekistan (Torm, 2003: 19). These shortcomings, including substantial numbers of people not registering as unemployed as they work in the informal economy, mean that these figures should be read with extreme caution. The actual levels of unemployment, and particularly under-employment are likely to be much higher.

The relatively low official levels of unemployment 'can partly be explained by the high number of 'working poor', who work but are poor either because they have too many dependents to support, work in low-wage occupations, are subject to involuntary leave without pay or short hours, are paid irregularly, or some combination of these factors' (Torm, 2003: 22) (Box 3). Many of the working poor can be found in the growing informal economies in the impoverished transition countries (Box 4). Musiolek notes that during the transition period, the CEE/CIS region has experienced a '[m]ushrooming of informal activities... [and that]… rapid economic restructuring during transition has created massive social problems that have led to a search for informal income opportunities' (Musiolek, 2002: 1).[62]

The lack of growth in formal sector employment, combined with an absence of 'serious social safety nets' (Musiolek, 2002: 2) has meant that 'the informal and subsistence economies began providing the only means for survival' (ibid.), particularly for women (ibid: 6). In addition to the general growth in

[62] The overall size of the informal sector in the CIS region is unknown, but in some countries "it is estimated that more than half of the working population are employed in the informal sector" (Morel, 2004: 3). The growth of informality in most regions is associated with formal labour market constraints (ILO, 1998: 21).

informal activities, occupational pluralism[63], or pluri-activity, has become a common feature of all countries in the region (Kandiyoti in UNDP/RBEC, 2000: 124; cf. Musiolek, 2002: 2).[64]

Box 2. The 'Working Poor' in Impoverished Transition Countries

In cases where unemployment benefits are low or non-universal as for instance in Moldova, where only one-fifth of the registered unemployed are entitled to unemployment benefits, the 'working poor' cannot afford to be officially unemployed and prefer to continue 'working'.

Similarly in Kazakhstan, in the bottom two quintiles of the population, 48.3% of working age individuals are employed, 4.7% are unemployed and 47% are inactive (neither employed nor actively seeking employment). Thus the vast majority of the poor in Kazakhstan are 'working poor'.

In Armenia as well, many of the poor are not unemployed, but are 'working poor', engaged in low-productivity, low-income sectors of the economy such as small-scale agriculture and urban informal-sector activities.

Source: Torm, 2003: 22

Box 3: The Informal Economy in Impoverished Transition Countries

A common characteristic of the labour markets in transition countries is the substantial amount of workers who are engaged in informal sector activities. For instance, in Armenia, industry and services together lost roughly 492,400 workers from 1990 to 2000 and agriculture absorbed about 282,900 of these implying a net loss of roughly 210,000 jobs in the formal economy. These 'missing' workers undoubtedly joined the informal sector engaging in low-income insecure economic activities, mainly service related. In Kazakhstan, about 30% of the working population earn unreported income in the so called 'shadow economy' (UNDP, 2000: 7) and in Kyrgyzstan, it is estimated that the 'grey economy' accounts for as much as 50% of GDP (EIU Kyrgyzstan CP, 2002: 22). In Moldova in 1996, the total labour force in the trade, commerce and repair activities sector far exceeded the manufacturing labour force, yet the share of wage labour in this sector represented only 21%, implying that some 80% were working informally. Although, some workers might well have moved from wage employment in industry to successful self-employment, the more likely scenario is that the majority had been forced into distress activities such as petty trading due to lack of alternative income opportunities (Ronnas, 2000: 75). Thus increased employment in the informal sector is another mechanism through which the labour markets adjust to declines in output and therefore constitutes another link between growth and poverty. However, since informal sector activities are not accounted for officially, the people who are engaged in such low-income jobs (who tend to be amongst the poorest in society) remain unaccounted for as well.

Source: Torm, 2003: 20; all references in box also cited in Torm, 2003: 20

7.2 Skills development in impoverished transition countries

The impoverished transition countries of Central Asia share a number of common characteristics with, for example, Sub-Saharan Africa and the Middle-East North Africa Region (MENA): public sector employment has been cut back or drastically reduced, formal sector employment growth is stagnant or marginal, and most new jobs (in both wage and self-employment) are created in the informal economy (albeit to different degrees). Despite this, the formal education and training systems in all these regions continue to be orientated towards formal sector employment, both public and private. In Central Asia 'there is a growing need for skills for self-employment, especially amongst the most vulnerable people living in rural areas… for whom self-employment is the only survival option' (Morel, 2004: 6).

63 For more on occupational pluralism in developing countries see Palmer, 2004a: 39-42 and 68-73. See also Bryceson, 2002; Bryceson, 1997; Charmes, 2005.

64 "This diversification includes various forms of paid non-home based and home based work as well as people subsidizing their incomes with subsistence agriculture and/or sales of surpluses generated from family lots" (Musiolek, 2002: 2).

In the formal education and vocational education and training (VET) systems in Central Asia there is a mismatch between the development of skills and the demand for skills in the labour market. Morel notes that in the formal VET system in Central Asia teachers and instructors have little real idea of the needs, constraints and issues related to doing business in the informal economy and hence find it difficult to prepare youth for this type of work (Morel, 2004: 6).[65] The poor working conditions and low pay result in many leaving the formal VET system (ibid.). 'There is a general lack of financial, human resources, and political will at central level to embark in comprehensive reforms to modernise the VET systems' (Morel, 2004: 6).

The education and training systems in the impoverished transition countries are going into decline, both through a lack of funding for these institutions, and through a lack of availability of funding for individuals (Musiolek, 2002). Surprisingly, it has been argued that this has meant that 'access to education and skills plays again an important and growing part in accessing [formal] employment opportunities' (Musiolek, 2002: 52).

The decline in the environment surrounding the education and training system, and in the lack of formal job opportunities after education, may be threatening to reverse both the high adult literacy levels and the relative gender parity in education that have been seen in these countries. In addition drop-out rates are increasing disproportionately among ethnic minority girls, and this 'reflects the comeback of conservative values which prioritize the education of boys and men rather than that of girls and women. Given the high costs of education and qualification, parents follow conservative selection grounds when deciding which of their children to send to universities' (Musiolek, 2002: 52-53).

The development of school-based VET in Armenia, Kazakhstan, Kyrgyzstan and Tajikistan is now relatively low, ranging from 1.1 to 3.8% of the school aged population, or 1.3 to 4.3% of the total enrolment in secondary education (Table 8). For Uzbekistan, coverage is slightly greater: 8.7% enrolment in TVE as a percentage of the school aged population and 8.8% of the total enrolment in secondary education (Table 8). This type of skills training is usually considered important for developing a country's industrial fabric. Where this industrial fabric is collapsing, as in the impoverished transition countries, there would be increasingly fewer opportunities for these graduates to utilise their skills.[66]

Table 8. Enrolment in secondary technical and vocational school as a percentage of total secondary school enrolments and total school-age population in selected countries, 2001

	Age Group	Enrolment in technical and vocational education (TVE) Total (000)	Total enrolment secondary education Total (000)	**Enrolment in TVE as % of total secondary enrollement**	Total school-age population education Total (000)	**Enrolment in TVE as % of total school-age population**
Kazakhstan	11-17	87	2020	**4.3**	2276	**3.8**
Armenia	10-16	5	378	**1.3**	436	**1.1**
Kyrgyzstan	11-17	26	689	**3.8**	796	**3.3**
Uzbekistan	11-17	374 **	4237 **	**8.8**	4296	**8.7**
Moldova	-	-	-	-	-	-
Tajikistan	11-17	25	899	**2.8**	1096	**2.3**
Countries in transition		2319	31272	**7.4**	34542	**6.7**
Developing Countries		37311	358392	**10.4**	632856	**5.9**
Sub-Saharan Africa		1855	24073	**7.7**	89764	**2.1**

*** estimates*

Source: Computed by Palmer from UNESCO, 2004

In the impoverished transition countries donor-financed training is common. This training has been criticised for not being based on real needs and sometimes providing 'misleading skills and

[65] This is equally true for Sub-Saharan Africa and the MENA region.

[66] It might be assumed that the share of technical and vocational education in secondary schools has shrunk dramatically since 1990.

qualifications' (Musiolek, 2002: 52). A review for the European Training Foundation (ETF), *Skills Development Strategies for Local Development in a Context of Poverty Alleviation in Central Asia* (Morel, 2004), noted that NGOs and other externally funded projects play a big role in providing non-formal skills training in the impoverished transition countries. In this context there are questions about the sustainability and scaling up of skills interventions of this sort.

Unlike developing countries, particularly in West Africa, where traditional apprenticeship training represents the largest provider of skills training, apprenticeship training is not widespread in the impoverished transition countries. However, it is becoming more important in countries like Uzbekistan (Box 4).

Box 4. Apprenticeship training in Central Asia

On-the-job training in enterprise-based apprenticeships are not a widespread phenomenon in Central Asia. Entrepreneurs are concentrating their efforts on survival, and hence often lack long-term development perspectives, and are not interested in investing in staff development. 'Survival' enterprises predominate in most informal sectors. People in these enterprises are too busy working to have time to enrol on training courses of any kind. People in the informal sector do not perceive training as a being important to increase their competitiveness and productivity. Credit and access to markets are the most critical constraints. However apprenticeship in the informal sector is growing in importance in Uzbekistan, not only in traditional specialities (such a sewing, ceramic, pottery) but also in professions that are in high demand on local labour markets, such as shoemakers, hairdressers, butchers, locksmiths or mechanics. Despite its informal nature, this type of apprenticeship seems to be well organised, with different training stages where the young apprentice starts with basic tasks and continues progressively with more sophisticated ones. Informal apprenticeship has its positive but also negatives sides, like the lack of control, the low level of specialisation, the lack of access to modern technologies and the risks of child labour. In other regions of the world, traditional apprenticeship provides most of the training needed in the informal sector

Source: Morel, 2004: 15-16

We noted earlier that the adult literacy levels in the impoverished transition countries are very high, on average 99%, meaning that there is not a lack of general skills capability in these countries. There is, however, a lack of specific skills. This suggests that getting the proper balance or shape of skills training is vital. Musiolek asks '[w]hich skills are appropriate and in demand?' (Musiolek, 2002: 51-52).

The complexity of reforming TVET compared to general education is apparent. 67 Given the diversity of TVET providers in most countries, it will be difficult to bring all the partners together for a TVET reform. Thus, sequencing and prioritisation are crucial.

As we noted, public TVET institutions have traditionally been slow at responding to market demand, providing skills and training largely focused on a formal employment outcome even in countries where most new jobs are created in the informal economy. However, it would be difficult to change the role of formal public VET and bring reform to these systems, not least because TVET plays a crucial social safety net role in transition countries. First, it should be remembered that in many countries public formal training is in crisis anyway (crisis of quality, of relevance, of equity and of access). Second, the different types of training required for formal or informal employment make it very difficult for a public training centre to simultaneously act as a provider of both.

Private training providers, including informal traditional apprenticeships, enterprise-based training, NGO training and private institutions are generally more responsive to market demand and offer more flexible training modalities. Where there is a call for more public-private partnerships to be formed, how might this be facilitated? How successful will donor harmonisation be in the context of TVET reform?

7.3 From skills development to skills utilization: Poverty reduction in impoverished transition countries

The European Commission's regional strategy for Central Asia mentions that 'the severe limits on state budgets and administrative capacity suggests that the potential for poverty reduction through

67 This draws on Palmer, 2005d

economic growth in Central Asia will essentially lie in utilising the existing human and physical capital resources more efficiently, and setting appropriate conditions for development of private initiatives at the local level' (cited in Morel, 2004: 3).

The impoverished transition countries of Central Asia have a well developed, albeit declining, formal education system. Education and training here are related to formal sector employment which, as we noted, is rather stagnant in this context. Opportunities for public sector employment are also limited. It is therefore crucial to try to utilize more effectively these skills that are being developed through formal education systems. But with too few formal jobs created in the labour markets of these countries, this will be difficult. Attention, therefore, has to be given to creating more formal jobs in the more productive sectors of the economy.

An ILO six-country analysis of transition countries (Armenia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan and Uzbekistan) (Torm, 2003) concludes that 'from a poverty reduction perspective, economic growth must be employment-intensive… concentrated in the high-productivity sectors of industry and services' (ibid.: 32). This 'will lead to higher labour productivity and rising incomes and thereby reduce the level of poverty' (Islam, 2003: i). This finding - that growth needs to take place in the high-productivity sectors of industry and services - 'might be easier said than done given the legacy of *dirigisme*[68] with large state controlled industries and given the fact that although privatisation has progressed, the private sector still plays a weak role in generating employment. Due to the labour-intensive nature of small-scale private firms, policy should be directed at stimulating their growth otherwise employment will continue to lag behind growth and widespread poverty will persist' (Torm, 2003: 32).

Given that so many of those who are working in the impoverished transition countries are the 'working poor' (Box 8), concentrating growth efforts in the high productivity employment sectors without concomitant support to the 'working poor' may result in increased poverty levels.

Policy, therefore, needs to address the issue of the 'working poor' in the impoverished transition countries, and ensure that these groups 'have the capacity, the necessary skills and access to assets, resources and services' (Torm, 2003: 32). Given the decline in formal (public and private) employment opportunities, most of the activities the 'working poor' engage in are to be found in the growing informal economies of the impoverished transition countries. 'Thus efforts to reduce poverty will have to focus on the informal sector, acknowledging this sector as not a problem for development, but rather as a starting point for achieving development and poverty reduction in transition countries in general' (Torm, 2003: 32).

The impoverished transition countries have to find the right balance between maintaining their high level of human capital (eg. the high adult literacy rates), but at the same time putting measures in place that can facilitate skills development being translated into skills utilization and hence poverty reduction (Fig 2). In other words they have some of the same re-orientation challenges as we have noted for training 'systems' in Sub-Saharan Africa.

Skills development has a role to play in job creation, but skills alone cannot create jobs. There needs to be other enabling factors in place.

> It is increasingly recognised that the skills, ideas and competencies of local people are a critical factor in supporting business creation, and in helping unemployed people to access jobs and increase their incomes' (Morel, 2004: 4).
>
> But '[i]t is clear that skills development in itself does not create employment. However if properly associated… to other local development tools (such as micro-credit, rehabilitation of social and rural infrastructure, access to water, maintenance of irrigation and drainage systems, production and marketing of local products, improvement of income generation potential, environment protection) it can be a powerful tool as a source of income generation. (Morel, 2004: 11).

[68] Masculine state intervention in economic matters.

8. Conclusions

It is not intended to make more than a brief set of concluding remarks for the moment, we shall content ourselves here with a set of discussion perspectives, adding a comment to some of our preliminary propositions which were set out at the beginning of this review

- The macroeconomic and political orientation of the state towards global competitiveness, growth and poverty reduction is likely to be inescapably connected to whether there is a pro-poor training policy. Where the state is not committed to poverty reduction, this dimension may well be left to the donors and to the NGOs.

- States which have experienced structural adjustment, liberalisation, and marketisation, and are persuaded that the skill development system should be 'demand-driven' will find it extremely difficult to identify a demand for training coming from the poorest and most vulnerable sections of society. There are nevertheless ways of tapping this demand, as we have seen, but this type of participatory analysis and empowerment is hugely demanding in professional support.

- States which are growing economically, e.g. China and Chile, will find it easier to innovate with market-led VET systems than the many countries where growth is very fragile. The danger of reviewing training in rapidly growing economies is that almost any kind of training appears to 'work' in terms of successful placement. By contrast, where the economy is not growing, the attractions of the 'big push' associated with the UN Millennium Project Report needs to be looked at very carefully. Not least there should be attention given to the conundrum pointed out by Hirschman: that the big push capacity building efforts outlined in so many official documents will not succeed, since, if the countries had the institutional capacity to implement such enormously complex plans, then they would not be in the mess in the first place.

- Left to the market, skills systems will tend to favour the non-poor. The earlier traditions of VET systems, especially in the former Soviet Union, which had a strong social safety net and social welfare dimension, may well be characterised as moving from welfare to the market, from an inclusive pro-poor orientation to a more competitive environment. There is nevertheless a strong case for analysing the social composition of national skills systems. It is almost certainly the case that many more programmes are claimed to be 'pro-poor' than are serving the poor in reality.

- Publicly funded skills systems which in their very small size were relatively well adapted to the minute but now shrinking size of the formal sector of the economy, especially in Sub-Saharan Africa, find themselves totally without the resources – or the vision – to re-orient themselves to providing an option for the poor workers in the rural and urban informal sectors. They now find themselves neither serving the formal nor the informal sectors of the economy.

- Donors have been an uncertain ally in VET reform. Highly aid-dependent states have found that the Jomtien, Dakar and MDG goals have been interpreted to mean that donor aid has been targeted on universal primary education. The virtual absence of VET practitioners in all but one or two agencies has meant there is little or no constituency pressing the case of skill development. It will be extremely important for the Global Monitoring Report process which has been reviewing the Jomtien and Dakar goals to give serious attention to the domain of skills development. This cannot be restricted to the various interpretations of the term life skills.

- Many countries find themselves with small, underfunded systems still oriented to specific occupational skills, while the donor discourse has moved on to talk of flexible skills for the global knowledge economy. Even in countries with much larger VET systems, the incorporation of the new language institutionally is challenging The implications of this new discourse for the existing infrastructure and curricula of VET systems have not been thought through. It is by no means clear, for instance, that the substitution of flexible 'life skills' for 'vocational skills' helps the policy community in its reform process.

- There are certainly a number of projects which appear to have managed successfully to reach the poor and increase their incomes and productivity. The evidence, which is sparse, is that these initiatives are hugely demanding in terms of time, commitment, methodology, curriculum and support structures. Also the numbers actually reached are extremely small. Outside the purview of

a state that has a strong social welfare commitment, such approaches will prove extremely difficult to scale up.

- The latest comprehensive thinking on the development mandate (Commission for Africa; and UN Millennium Report) both take the view that single sector interventions – whether in education, health or enterprise – will have a limited impact. Substantial change will only come when governments, with donor support, invest across the board, to produce an enabling environment for both public and private sectors. The implications of this for the specifics of VET reform are demanding. Under what circumstances will VET reform have a powerful impact when these other complementary sectoral investments are not in place?

- Part of this comprehensive vision must be that employability and productive capacity need to be linked to the provision of training; otherwise training will be perceived as another aspect of service delivery, along with many of the MDGs. This argues for a much greater need to analyse whether the many shorter and longer term programmes aimed at entrepreneurship and employment do actually result in these outcomes.

- The multidimensional character of poverty, as well as the various definitions of poverty reduction, mean that an assessment of training impact on income alone will not be satisfactory, and that such an assessment needs to be explicit about the type of poverty reduction that is being referred to. This suggests that it is not sufficient to claim that a particular programme is targeting the poor, but rather the programme outcomes should be made more explicit.

- The conceptual and methodological challenges faced when assessing the complex relationship between skills development and poverty reduction need to be considered in any analysis. This will be clear if analyses of the social composition of skills programmes are undertaken.

- It is important to see the education and training system in a holistic manner and recognize the need for a balanced skills mix in both developing and transition countries, but note that this balance will be different according to a particular country's social, economic and historical context. At the moment, however, there appears to be a disconnect between what may be termed the traditional VET skills and the new discourse of knowledge economy skills. It has been difficult to find a balance between these two domains.

- Skills development results from the capacities that are acquired through different levels and types of education and training. But the translation of skills development into skills utilization, and therefore poverty reduction and/or growth, is dependent on many factors, including good quality education/training and the presence of a supportive environment. But the utilization of these capacities requires further facilitative infrastructure. Among the most critical factors in any supportive environment will clearly be the availability of work and employment.

Annex: Examples of the impact of TVET projects on poverty reduction.

Case 1. Traditional Apprenticeship Training in Ghana

Traditional apprenticeship training is especially well developed in West Africa (World Bank, 2004a: 131). In Ghana, it is responsible for some 80-90% of all basic skills training in the country, compared to 5-10% from public training institutions and 10-15% from NGO for-profit and non-profit providers (Atchoarena and Delluc 2001: 225; Haan and Serriere, 2002: 34; World Bank, 2004a: 129). Apprenticeships are most commonly known in service and manufacturing enterprises and in Ghana are well organised. An aspiring apprentice becomes attached to a master, usually for three years (but this often varies by trade and by master). A fee is usually charged for the training, ranging from US$33-100 in 2004/5 (Yokozeki, 2005), but is sometimes waved if the youth is known to the master.

Interestingly, the fees paid for traditional apprenticeship training are, according to Yokozeki (2005), twenty times or more what it costs to send a child to Junior Secondary School. This implies that this form of training is both in high demand and considered worth this financial high investment. Perhaps more worryingly, it also suggests that the poor might find it harder to access this form of training than is sometimes assumed. The World Bank's *Skills Development in Sub-Saharan Africa* notes, for example, that '[t]raditional apprenticeship training can be the least expensive way to get skills training' (World Bank, 2004a: 131). However, it also cautions, as we said earlier, that, '[i]t is commonly assumed that traditional apprenticeship is open to everyone, or at least to all young men. This is not so. Very poor households typically cannot afford to pay the costs of apprenticeship, particularly for trades that require a high fee or tools and equipment' (World Bank, 2004a: 145).

In some trades an agreement is signed between the master and apprentice, outlining the framework for the apprenticeship, but in many cases agreements are verbal. Traditional apprenticeships are known to have a number of general advantages and disadvantages (cf. Fluitman, 2002; World Bank, 2004a: 133-134). According to UNESCO and the Government of Ghana, traditional apprenticeship in Ghana has a number of specific characteristics (GoG, 2004: 4; UNESCO, 2003a):

- there is no clear organizational structure;
- they cater for the majority of TVET recipients, including illiterate and semi-literates;
- there is a close link between training and actual production;
- there is no formal curriculum; what is taught depends on what is actually produced;
- skill training, customer service and work attitudes are integrated;
- standards vary; there are no common competency-assessment procedures;
- until recent interventions like the World Bank/VSP project, it had no link with the formal education system;
- it serves mainly rural populations and the urban poor;
- no one single government ministry has responsibility for it;
- there is virtually no government support, control or supervision; the burden of training falls on parents and apprentices.

Effective skills delivery in informal apprenticeships suffers from some important restrictions that serve to inhibit them from being more poverty reducing. Firstly, the delivery context of informal skills training can often perpetuate traditional techniques. Informal apprenticeship training contains the inherent tension between production and training. Since training occurs while a customers' product is made, the training received during a traditional apprenticeship is usually limited both to the customers' demands and to the capability of the master. Master-craftsmen and women are not trained teachers or instructors, and are likely to have acquired much of their practical skills training in the informal

economy through traditional apprenticeship. Hence, pedagogy and training methods, combined with the lack of technical skills of mastercrafts-people can result in static training outputs, where the introduction of new product designs and production technologies are excluded and traditional technologies perpetuated. Since traditional apprenticeships usually have no links with formal training, there is no exposure to modern training approaches. It is therefore very questionable to what extent traditional apprenticeship training can train a worker to be competitive in globalising economies (cf. Bortei-Doku Aryeetey, 2001: 42). Secondly, and partly because training occurs on-the-job while making products for sale, there is no structured, or predetermined, training programme. At the start of an apprenticeship, there is a great deal of time wasted as the new apprentice simply observes activities in the enterprise or carries out endless repetitive, very basic activities. There is also very little emphasis on theory.

Case 2. Skills Training and Entrepreneurship Programme (STEP) in Ghana

Following the 2001 unemployment census in Ghana which revealed that most of the unemployed wanted to acquire skills that enabled them to be self-employed or employable, the Skills Training and Employment Placement Programme (STEP) was initiated (the title for the programme was changed very recently – see later). STEP, a Government-supported training programme, is intended to reduce poverty by providing employable skills and other assistance (including access to micro-finance) to the unemployed enabling them to join the informal economy. Funding is being made available by allocations from the HIPC Fund. STEP has three principal components:

1. *Skills training delivered through vocational training providers*: As of March 2005, about 25,000 unemployed have undertaken STEP training through formal public and private training providers. STEP training courses run for three to twelve months in 58 training areas, from textiles and soap production to welding, carpentry and painting.

2. *Skills enhancement for master-craftsmen and skills training delivered through apprenticeship placements*: Master-craftsmen (MCs) go through a few days training with Ghana Regional Appropriate Technology Industrial Service (GRATIS) to make them more effective trainers. Skills training is then delivered by attaching up to 10 trainees to a master-craftsman to undertake a workshop-based apprenticeship for up to twelve months.

3. *Micro-finance component*: This component, launched in December 2004, has the intention of providing start-up and working capital to enable those trained under the STEP programme to set up their own enterprises. Funding is made available from HIPC funds to micro-finance institutions (MFIs) for on-lending to qualified trained STEP graduates. Two MFIs are participating: the Women's World Banking Ghana (WWBG) and rural bank network under the Association of Rural Banks APEX (ARB APEX).

There are a number of problems hindering the poverty reduction outcomes of the STEP programme:

1. *Lack of demand for these types of skills*: The STEP programme is highly centralised: Skills needs assessments are conducted at National Vocational Training Institute (NVTI) Headquarters in Accra. There has been no real attempt at establishing demand for skills and product types at the local level, and District Assemblies sometimes complain about STEP delivering 'useless' courses. There is a danger of market saturation as too many are trained in similar trades in the same area.

2. *Microfinance*: Representatives of STEP training providers are unaware of whether any loans had been taken up. WWBG and ARB APEX view the capacity of STEP graduates to understand the conditions of lending as inadequate. WWBG consider that providing micro-finance to STEP graduates is a social programme and is not commercially viable. STEP borrowers are a higher risk than other borrowers, being new 'customers' with low educational attainment. Anecdotal evidence points towards difficulties in STEP graduates accessing loans, and, in some cases, the vocational training institutes (VTIs) that provided the training are asked to act as guarantors on loans made. Obviously, VTIs are not in a position to do this.

3. *Weak training environment*: Many MCs that were given apprentices to train could not provide a decent training environment, ie. protective clothing etc, and were ill-resourced in tools and equipment. MCs complain about receiving insufficient funding to adequately train apprentices. The duration of training is not considered long enough, especially in trades like welding and carpentry, leading to the creation of 'half-baked' apprentices. Training has been criticised as having a traditional approach to production, one that is not competitive and not productive.

4. *Employment and poverty reduction outcomes unknown and uncertain*: Except for anecdotal evidence, no one really knows what has happened to the substantial number of STEP graduates since the programme's inception. There is concern that many (if not most) STEP graduates are not faring well in the labour market. Focus groups by Palmer in 2005 revealed that most STEP graduates are not using their skills, often two years after they received training.

5. *A numbers game between planned and actual people trained, and between total reach of STEP and total demand*: The proposed STEP budget for the second phase provided for 1,000 proven master craftsmen to undergo skills enhancement to take on 5,000 new apprentices. The actual outcome, according to GRATIS, was that 1,140 STEP apprentices were placed with 120 master craftsmen who had received limited pedagogical training provided by GRATIS from their own resources. The total number trained under STEP to date is about 25,000, a small percentage of the annual c.150,000 JSS graduates who finish school and cannot enter further formal training.

6. *Other problems*: STEP suffers from management problems; Post-training support is inadequate; there was another significant risk for the Government that the original programme title - Skills Training and Employment Placement – implies that STEP has a large capacity to place unemployed persons in jobs. But STEP is not a job-creation programme: rather it empowers unskilled or low-skilled unemployed persons to find jobs. Hence the title was changed to Skills Training and Entrepreneurship Programme.

Sources: Fieldwork by Palmer 2001-2005; GoG, 2005, GoG/MoMYE, 2004; Preddey, 2005. An earlier version of the box appears in Palmer (2005a).

Case 3. Vocational Skills and Informal Sector Support Project in Ghana

The World Bank Vocational Skills and Informal Sector Support Project (VSP) (1995-2000) focussed on skills upgrading for master-craftsmen and traditional apprentices as a means to improve productivity and reduce poverty among participants. The VSP sought primarily to raise productivity in five occupational areas of the informal sector and to encourage a shift in formal vocational training towards shorter, competency-based packages. VSP courses were of short duration and provided through public and private training institutions. Apprentices received 12 weeks of skills training, while masters got 4 weeks practical training and 2 weeks management training.

Traditional apprentices at least 18 months into their training were eligible for participation. The VSP trained 14,565 apprentices (against a target of 15,000) in five trades in 39 selected public and private institutes. VSP provided incentives for apprentices to be trained: a small training allowance; the opportunity to purchase tools at subsidised rates; and a ‘World Bank’ certificate on completion. Apprentices that were trained under the VSP indicated that they experienced improvements in the following areas: reading of formal technical designs; turning out better finished products and providing safer services; skills to make more interesting products; improved status as they were envied by the non-enrolled peers for superior skills and better respected by their masters; improved prospects as they are sought after by some employers; and enhanced self-esteem.

Under the VSP, 9,304 masters received technical training [target = 5,000] and 7,666 masters benefited from entrepreneurship training [target = 5,000]. The masters trained under the VSP experienced improvements in their technical efficiency and productivity, for example in: reading of blue prints and production of own designs; undertaking of minor repairs of own tools; improved appreciation of resource economics; safer and more reliable production methods; technical information, specifics on materials and standards; appreciation of aesthetics; improved creativity; product pricing and time management; enhanced workshop economics (e.g. reducing wasteful use of materials and improved ability to set profitable prices for products).

However, a number of problems associated with the VSP led the World Bank to rate the project as ‘unsatisfactory’ at the implementation completion reporting stage in terms of achieving its objectives. Some problems included:

1. *Weak institutional linkages*: The relationship between key government and non-government institutions concerned with vocational training and employment start-up was disjointed. This led to a disjointed approach to informal sector support, and resulted in trained VSP graduates lacking access to an integrated package of services (credit, extension services, post-training support, vulnerability and social protection).

2. Absence of technology upgrading and adaptation.

3. Inaccessibility, especially to those in rural areas.

4. *Tools*: Shortfalls in tools delivery and inferior nature of some tool kits chosen by trade association members.

5. *Limited coverage*: Since the numbers trained were relatively small, the benefits felt by those who participated in the VSP did not lead to any significant impact on the wider informal sector. Out of the five skill areas targeted by the VSP, girls only enrolled in dressmaking/tailoring. The government did not have the finance to scale up or continue the project once the donor funding ended.

Sources: Fieldwork by Palmer 2004-2005; Amankrah, 2001; Amankrah, no date; Haan and Serriere, 2002; Korboe, 2001a, b; World Bank, 1995, 2001. An earlier version of the box appears in Palmer (2005a).

Case 4. Community-based training in Cambodia

Working from eight provincial training centres scattered around Cambodia, an ILO/UNDP project on vocational training for the alleviation of poverty, and its predecessor project, trained over 8,000 women and men in a diverse range of skills from 1993 to 1999. Follow-up surveys over the 12 months after completion of training showed that over 82 per cent of trainees had work using their new skill and were earning US$33 a month on average, well above the average per capita GDP of about US$22 a month. Over half of the trainees were women and over a third were women heads of household. Many were unskilled farm workers, often having little or no cash income prior to participating in the project.

A key to the success of this project was that it did not offer predetermined courses. Rather, the project staff worked with the local community to find out what skills were in short supply locally. Then people with the scarce skills, recruited from among those trained in the border refugee camps, were asked to help train others, but only enough to satisfy the needs of the local community. The project wanted to make sure that trainees could make a living with their new skill, and an over-supply would lower their earnings. Many of the successful courses were not typical of ILO training programmes, for example, pig rearing and vaccination, duck rearing and vaccination, incense-stick making and vegetable growing. Duck vaccination proved particularly attractive, as graduates of the course were much in demand to quell an outbreak of disease that was decimating farmers' flocks. Hairdressing was another winner with over 90 per cent of graduates still using the skill after a year and earning US$65 a month on average.

All told, 35 skills courses were offered and, since a majority of the trainees ended up as self-employed people, they all acquired basic business skills too. Courses were run as close as possible to the trainees' homes in the villages at times most suitable to them. Course length varied, but usually consisted of several hours' training a week over two or three months. This was particularly important to ensuring a high participation by women in the programme. An essential part of the project strategy was to build the capacity of Cambodian counterparts to implement a flexible system of skill training linked to identified employment opportunities. A total of 76 government staff received various forms of training support while working on the project. Responsibility for the provincial training centres was handed over to the Cambodian Government at the end of the project, with the aim of integrating their operations into the permanent services provided by the public authorities. A number of other countries have launched projects and programmes based on the ILO community-based training approach, including Azerbaijan, Bangladesh, Belarus, China, Jamaica, Kenya, Nepal, Nigeria, Pakistan, Philippines, the Russian Federation, Sri Lanka, the United Republic of Tanzania and Uganda.

Source: ILO InFocus Programme on Skills, Knowledge and Employability (IFP/SKILLS), cited in ILO, 2003

Case 5. Training for Rural Economic Empowerment (TREE) in Pakistan and the Philippines

The ILO TREE project (2002-2005), funded by the U.S. Department of Labour, aimed to expand economic opportunity and income security through workforce education, skills training, employment creation, and local economic development for the most marginalized groups in diverse, geographical areas in Pakistan and the Philippines. The project pursues its task through the development and implementation of the TREE methodology, which is a comprehensive training package that identifies

and assesses local economic opportunities, designs and delivers community-based skills training, and provides post-training services.

In Pakistan, part of the TREE project involved skills and entrepreneurship development training provision to target groups. The latest technical report (March 2005) shows that 1,602 people (39% female, 61% male and 61% youth) have been trained in 49 different disciplines. Besides the skills training component, functional literacy and numeracy skills have also been imparted to beneficiaries, mainly women considering the very low literacy rate among them in the project area, and to date 542 female and 22 male students have graduated. Another component to the TREE project in Pakistan involves organizing saving and credit groups and business associations. Up to the end of the reporting period, 127 Saving & Credit Groups have been organized, out of which 64 are female and 63 are male groups. These groups have been linked with microfinance services of National Rural Support Program (NRSP). So far, 189 beneficiaries have availed credit amounting to RS. 1.929 million, with a 100 percent loan recovery rate. Credit is mainly utilized for livestock and establishing/ expansion of small businesses. Four Business Associations have also been formed so far. Follow-up on 1148 individuals (out of a total of 1,602) who received vocational skills training revealed that 935 have confirmed employment/self-employment (81%) whereas there are still those who are in the process of starting income generating activities. This figure of 935 also indicates those beneficiaries who have received follow up support services as well. There are only 48 trainees who are not utilizing their skills.

'The benefits to the target groups are both economic and social. Young, single men who were previously unemployed are now gainfully employed or self-employed and contribute to household welfare with their earnings. The success of many of their small businesses has led to the employment of additional workers. The social benefits are self-esteem and the new-found respect of families and communities; the young men are seen as role models in their communities. The chief economic benefit to women is first-time earned income, which is used to support their families. The social benefits for women are profound. In traditional Muslim culture, women stay at home under the purview of their fathers or husbands, do not participate in financial decision-making, and confront literacy and numeracy barriers, among others. Following skills training and literary/numeracy training, women have money in hand, may move about more freely, can help their children with homework, are seen as role models by their families, and generally have been given more security, prominence, and attention. The project has had a positive impact on beneficiaries and communities. Young men who despaired over their futures have genuine economic opportunities and are unlikely to become a part of groups that create security problems in the area. Poor, rural women have become empowered to an extent that was not thought possible. New, beneficiary-owned small businesses provide services that did not exist previously in communities, which contribute to local economic development. The project impact is also seen in the high demand for skills training using the TREE methodology within and outside the target areas' (Webb, 2005: iv-v).

Similarly, in the Philippines the TREE project involved both skills and entrepreneurship development training and organizing corporate community groups and community fund scheme. As of March 2005, the project trained 725 beneficiaries in vocational and entrepreneurial skills, 59.4% of the end-of-project target of 1,220 trained beneficiaries. Some 99% of trainees successfully passed training. Follow-up surveys have revealed that on average 85% of participants in the TREE training programs are utilizing their skills acquired for income generation, though this percentage varies according to different groups (91% men, 82% women, 63% youth). Tracer studies of 222 beneficiaries also revealed that some had increased their average monthly incomes by up to 80%. The project has also organized 5 corporate community groups and assisted 5 more existing federations.

'The benefits to the target groups are increased self-esteem, hope for the future, and the ability to contribute to family welfare. As a result of training, beneficiaries—both women and men—are empowered with skills and have the confidence to set up small businesses in their communities. These community enterprises can be expected to have an increasingly greater impact as enterprises mature and support local economic development. The project has had a wider impact on peace and order in the Autonomous Region in Muslim Mindanao (ARMM). Since the signing of the Peace Agreement in 1996, the concern has been how to convince people to support the peace process, that there is something good, something to wait for, something to expect from the peace process. The project addresses the major problems of poverty and unemployment in the ARMM by providing people who have been left out with skills training to take advantage of economic opportunities and, in this way, links economic development to peace in the region' (Webb, 2005: v).

The TREE project has been very successful in providing benefits to the targets groups both economically and socially. Youth beneficiaries are now gainfully employed or self-employed and contribute to household incomes. The Project has learned some lessons in its implementation:

- Traditional skills' training is not an end in itself. Employability is the end, but this will not be addressed by 'traditional vocational training'
- Providing only skills training to beneficiaries is not enough. Follow up support is crucially important to facilitate better outcomes of the project in terms of increased employment.
- Selecting a strong local implementing partner is critical because it can provide post training support especially micro finance services, business management services and MIS for follow up and impact assessment.

A Mid-Term Evaluation Mission, conducted in December 2004 concluded that 'the project has succeeded in addressing the issues of poverty, unemployment, security and peace by means of skills training and local institutional capacity building. It has everywhere generated a strong demand for skills training and has the unqualified support of government, donors, partners and the target groups. It is recommended without reservation that the project continue beyond the scheduled closing date to ensure sustainability, and furthermore, that all concerned parties give serious consideration to the expansion of the project, whether by means of increased coverage in the present target areas or extended coverage into new target areas or both, for the purpose of scaling up a highly effective project' (ILO, 2005: 14).

The success of the project has caught the attention of policy makers, due to the encouraging results achieved. In Pakistan, the Federal Minister of Finance requested the ILO to provide technical assistance to the Prime Minister's Programme on Skills Development, designed to train 300,000 young people, and to implement it on the ILO-USDOL TREE project model. The Government of Pakistan has approved the Prime Minister's Programme for an initial investment of US$ 100 million (approximately 6 billion Pakistani Rupees).

Source: ILO, 2005; Trevor Riordan (Skills and Employability Department, ILO), personal communication, Webb, 2005

Case 6. Chile Joven in Latin America

Since the beginning of the 1990's, an occupational training programme targeted at young people afflicted by structural unemployment and high social risk, has spread rapidly through several Latin American countries (in Argentina, Colombia, Peru, Uruguay since 1994). Its initial model was tried out and systematised in Chile under the name of "Chile Joven". The target group is: young people with low income; preferably between 16 and 24; laid off, underemployed, inactive or looking for work for the first time; with education no greater than secondary level. Areas are targeted according to poverty an employment indicators.

Brief outline of main innovative, successful features of the project/programme:

- The training is relevant to the labour market.
- The implementation of the training is flexible, decentralised and regulated by market mechanisms (see context and identification of the needs).
- The design of activities is focused on the beneficiaries (vocational skills but also personal development).
- Efforts are coordinated between the State, civil society and the corporate sector.
- Adaptation to the motivations, needs and expectations of participants.

Context, identification of needs: The development model in Latin America has been moving from a protectionist and import-substitution model to an open model striving for international competitiveness. The impact of this change on the labour market and on youth employment has been very serious. Latin American young people – in particular those insufficiently or badly trained, from lower socioeconomic strata, rural sectors or ethnic minorities – are not being offered real options for accessing labour markets or society in general, reflecting issues of equity and social stability. In this

context, policies aimed at promoting training and employment become essential. At the beginning of the project, 13% of the Chileans 15-24 years of age were unemployed, underemployed or outside formal education. As this coincided with a period of important economic growth in Chile, the programme assumed that the lack of skills demanded in the market was the main reason for unemployment. The programme responds to the objective demand signs in the labour market. The training institutions identify themselves the market niches: no demand = no training.

Objectives/aims: The overall objective of the programme is to improve the possibilities of access to employment of young beneficiaries of low-income families. It is also to contribute to the social integration (as workers or students) of these young persons that are often marginalized. Specific objectives:

- Getting young participants to adopt a positive attitude towards work; to make effective their access to employment.
- Imparting the technical skill of a trade to young people at semi-skilled level, to facilitate their placement.
- Generating a technical training supply relevant to the needs of firms and enterprises.

Description of the project and methodology:

- The managing body provides indicative information on the employment market.
- The Technical Training Organisations (OTECs) identify job openings that determine the courses to be offered.
- Training goes beyond the mere provision of specific occupational skills.
- The occupational part of the training has a high practical content.
- Incorporates skills that are intended to develop communication, personal relations, and self-esteem and information abilities.

Activities and skills. The Chile programme includes four sub-programmes:

1. Training and work experience: intended to train for dependent employment (70% of beneficiaries).

Activities: teaching phase (250 hours) and internship or short-term contracts (3 months)

Skills: Technical training and social and occupational skills

Support services: medical insurance against labour accidents; transportation subsidy; subsistence allowance or labour contract.

2. Alternative (dual) training (5% of beneficiaries): this variant rotates training at a technical school and at a company or enterprise, with a labour contract.

Activities: theoretical teaching and in firm training.

Skills: basic education, technical training, in-firm training

Support services: the trainee enjoys all benefits conferred by labour legislation.

3. Training for independent work (25% of beneficiaries): this course is intended for those who intend to become self-employed workers.

Activities: training in a trade and technical training (teaching phase) followed by technical assistance to get a project under way.

Skills: management training (accounting, costing, marketing, etc).

Support services: the students have to prepare a project to be financed by a credit assistance network.

They also are covered by medical insurance against labour accidents, a transportation subsidy and a subsistence allowance for the duration of the technical assistance phase.

4. Occupational training: programme aimed at young people in a highly marginalized situation.

Activities: training in a trade and on-the-job training (teaching phase) followed by a protected labour experience at enterprise.

Skills: development of attitudes, behaviour and psychological and social abilities.

Support services: medical insurance against labour accidents, a transportation subsidy and a subsistence allowance during their internship, when they have no labour contract.

Impact: Between 1991-2001 there were 164,000 beneficiaries. Evaluation studies of graduates six months after graduation from the Chile Joven programme revealed that the percentage of employed former trainees was 57.8%, as opposed to 38.3% in the control group (those who had not been on the programme). Men were more successful regarding access to labour (65% against 49% for women), and those who were relatively younger had less possibilities of getting a job. The evaluation indicates that one year after graduation project beneficiaries has substantially improved their labour situation. As compared with a control group, the impact was positive, as most participants (70%) had effectively improved their possibility of obtaining a higher quality, better paid job. The study also shows that the direct linkage of beneficiaries with the labour world, due to the practical nature of the training model, positively changes their motivations and attitudes vis-à-vis work, training and education in general.

In Argentina, the following results have been found: impact on earnings were statistically significant for young males and adult females only (not adult males and young females); the estimated impact on employment was statistically significant for adult females only.

Difficulties to evaluate the Latin America occupational training programmes include: shortcomings in the countries statistical information systems, difficulties in gathering valid and reliable information regarding the target population (and then to evaluate the results achieved), relatively recent application of research evaluation practices in the region.

Difficulties:

- Scarce experience in OTECs to “read” the demand.
- Difficulties in translating the required profiles into training programs.
- Lags between “reading” the demand and starting the training programme.
- Lack of innovation in training (the same programmes are used).
- This type of programme requires an environment with a vigorous economic growth and job creation in the formal sector.

Source: Brewer, 2005: 86-88; Programmes for the training and employment of young people in Latin America, Paper, Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR) http://ilo.law.cornell.edu/public/english/region/ampro/cinterfor/publ/sala/poldevin/index.htm

Job training Programmes: The Cases of Chile Joven and Argentina Proyecto Joven, Cristian Aedo I., Prepared for Seminar on Social Protection for the Poor in Asia and Latin America, 21-25 October 2002. http://www.adb.org/Documents/Events/2002/SocialProtection/aedo_presentation.pdf

Case 7. Vocational Education Reform Project in China (the provinces of Jiangsu, Guangdong, Liaoning and Shandong and Tianjin Municipality).

In support of labour market development, economic restructuring, and state-owned enterprise reform, the Vocational Education Reform Project (World Bank funded, 1996-2002) aimed to: improve and increase the supply of skilled labour to meet labour market demands; raise the quality and efficiency of the vocational education and training system; and build up capacity for monitoring, evaluation and dissemination of pilot experiences and replication. To achieve these objectives, a two-pronged approach was taken: (i) the development of 80 key secondary vocational and technical schools as models for upgrading the quality and efficiency of vocational education (in areas where demand for skilled labor outpaces supply); and (ii) improving the planning and management of vocational education.

The project has substantially achieved the objective of developing the 80 key project schools (PSs) as models for upgrading the quality and efficiency of vocational education through (a) course revision and curriculum development; (b) staff development and training; (c) international and domestic technical

assistance; and (d) upgrading and equipping of laboratories and workshops. Each PS was assisted according to its own detailed plan, which focused on one or two major specializations representing the local or regional economic development priorities. Assistance to each school was focused on only one or two of the following specializations in strong demand by the local economies: electronics and electrical engineering; mechanical engineering, including machinery and automobiles; construction; light manufacturing; road and traffic engineering; computer applications; and the chemicals industry. Reform of training focused on making the system more flexible and responsive to market demands.

Impact: The appraisal projection of enrolment increase from 42,000 to 60,000 in full-time pre-employment courses over the project period was far exceeded in reality. The total student enrolment in 2002 was about 200,290, an increase of 170 percent over the baseline enrolment in 1996 of about 117,700. The average per-school enrolment in 2002 was about 2,500 compared with about 1,470 in 1996. Graduates totalled over 56,800 of which about 61,600 (about 91%) found employment within six months of graduation, with the highest employment rate of 96% in Beijing Municipality and the lowest of about 87% in Shandong Province.

Source: Implementation Completion Report. Vocational Education Reform Project, World Bank, 17 June 2003. http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2003/06/19/000160016_20030619130027/Rendered/PDF/261290CN0ICR.pdf

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