Chapter 35

Build4Skills, TVET, and Infrastructure—An Innovative Initiative

Marion Edel

TVET in German Development Policy

The German Federal Ministry for Economic Cooperation and Development (BMZ) strongly champions recognizing the potential of technical and vocational education and training (TVET) for addressing youth unemployment, provided that a nation's TVET system delivers the skills required on the labor market. TVET is much more than just the mere acquisition of employable skills; it is a tool for empowerment and ultimately a facilitator for finding decent employment and securing a livelihood. A skilled workforce is a country's most valuable resource for achieving sustainable economic growth and development.

Germany is currently the world's largest bilateral donor in the TVET sector. The German official development assistance (ODA) allocated for TVET (€231 million in 2017) even exceeded the corresponding contributions of the European Union and the World Bank. The BMZ is providing support to develop TVET systems in more than 70 countries, including India, Indonesia, Lao People's Democratic Republic, Mongolia, Myanmar, Pakistan, and Sri Lanka in Asia, as well for five regional cooperation projects with the Association of Southeast Asian Nations (ASEAN) and Southeast Asia Ministers of Education Organization (SEAMEO). The BMZ's projects are implemented mainly by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), KfW Entwicklungsbank, and their partners in the respective countries.

The German TVET system is well suited to demonstrating how responsibility for administering and executing TVET may be a shared partnership between government and the private sector and how on-the-job training plays a significant role in acquiring the knowledge and skills needed to perform a job well. TVET programs in partner

M. Edel (✉)

Education Division, Federal Ministry for Economic Cooperation and Development,
Bonn, Germany

e-mail: Marion.Edel@bmz.bund.de

countries commissioned by the BMZ take inspiration from five key elements of the German dual training model:

- (I) Close cooperation between the public and private sectors
- (II) On-the-job training/workplace-based learning
- (III) National TVET standards
- (IV) Training of vocational teachers and instructors
- (V) Institutionalized research and career guidance

In its programming, the BMZ emphasizes skills development in the context of forced displacement and migration, in the informal economy and in light of the new world of work and digitalization; TVET in rural areas and fragile countries; gender equality; and financing of TVET systems. The BMZ also places high emphasis on establishing like-minded strategic partnerships, such as the joint Declaration of Intent on TVET signed by the Asian Development Bank (ADB) and BMZ in 2016 at the 49th ADB Annual Meeting in Frankfurt, Germany. The joint objective of enhancing work-based training has been translated into the Build4Skills initiative (formerly known as the “Digital TVET Tender”).

Untapped Potential for TVET in Development Banks’ Infrastructure Projects

For decades now the German Government has been a reliable partner of multilateral and regional development banks in terms of providing funding for infrastructure and other development projects, and also in regard to providing start-up loans and support for entrepreneurs.

The world is witnessing a massive infrastructure gap. The United Nations defines such a gap as a pressing need for infrastructure development in the areas of transportation, energy, and water and sanitation in developing economies brought about by migration, climate change, demographic development, and urbanization. To enable economic development, developing countries, in particular, need sufficient infrastructures like railways, roads, and harbors. “[...] investing in a sustainable and resilient infrastructure, [...] is a pre-requisite for achieving many of the SDGs” (source: <https://developmentfinance.un.org/closing-the-infrastructure-gap>). The Addis Ababa Agenda for Action—the outcome document of the Third World Summit on Financing for Development—calculates for this infrastructure gap an annual funding requirement of \$1.5 billion—and upward. Many financing institutions and development banks, such as ADB, the African Development Bank, the Inter-American Development Bank, and KfW, or new players in this field like the Asian Infrastructure Investment Bank (AIIB) or new national development banks and venture capitalists are trying to bridge this gap. Mostly they perform quite successfully, even if the challenges remain massive. However, funding agencies worldwide are failing to tap into an additional potential of infrastructure projects: skills development! International, as well as national construction companies, tend not to consider

the local labor force to any significant extent, nor would local labor markets be able to provide the number and quality of skilled workers needed. This results in staff being hired from abroad for the construction phase.

Apart from the BMZ's firm commitment to help fill the global infrastructure gap, we say: Let us do more than infrastructure! Young people worldwide need future prospects. Let us provide them with chances to equip themselves with skills for a prosperous future. TVET has the ability to produce larger macroeconomic gains for developing countries, to bridge the large gap in skilled workers, and to increase the effectiveness of development cooperation as a whole.

Infrastructure projects like roads, airports, harbors, etc., are among the most labor-intensive types of development interventions. Workers with various occupational skills are required. But how do we equip workers with the skills that are needed to turn those extensive projects into a success story for society as a whole?

Based on their Declaration of Intent on TVET signed in 2016, ADB and BMZ have launched the joint Build4Skills initiative, targeted at integrating TVET components into infrastructure projects.

The Innovative Vision of Build4Skills

BMZ's and ADB's joint initiative, Build4Skills, is aimed at generating dual development benefits from financial commitments for infrastructure. Its innovating idea is to leverage the potential of workplace-based TVET in infrastructure projects funded by regional and multilateral finance institutions such as ADB—meaning that, whenever a development bank like ADB makes a loan to a government, it will be used to build up infrastructure and for workplace-based training of local workers on the construction site. Build4Skills' long-term aspiration is to establish vocational education and training as a standard in invitations to tender for infrastructure programs.

Build4Skills will ensure that trainees learn in workplace-based settings and thus gain hands-on competencies that will increase their employability after they complete their training. Furthermore, it will enhance certification standards and the recognition of prior learning in line with the national TVET system. The project will assist public agencies in further developing their skills certification and assessment systems. Moreover, Build4Skills will include a digital tool for labor market monitoring and analysis, allowing for evidence-based policymaking.

ADB and BMZ have agreed on joint implementation guidelines that form the basis for their cooperation within the Build4Skills initiative. Together, they set up a steering committee to accompany the implementation process. ADB's core commitment is to provide Build4Skills with a construction site for on-site training. Furthermore, the Bank will highlight Build4Skills at major ADB events such as the International Skills Forum and in other formats within ADB to share good practices, as well as identifying other potential ADB projects for the implementation of Build4Skills. BMZ's contribution through its global project Build4Skills will be to manage the implementation of the initiative. Furthermore, a German expert seconded to ADB

headquarters will liaise between ADB and BMZ and with other stakeholders and will support the development and implementation of Build4Skills.

The project references the successful TVET system that is operated in Austria, Germany, Liechtenstein, and Switzerland—the so-called dual system. Close collaboration between the government and the private sector is a critical part of a cooperative TVET system. The dual system's responsiveness to the private sector's needs makes it an internationally acknowledged and renowned point of reference for others.

The partnership with development banks, together with their engagement in infrastructure activities, provides the perfect setting for TVET measures. The potential impact is as follows:

- Infrastructure projects not only have a physical impact in terms of construction but can also contribute significantly to building up the pool of workplace-trained workers.
- Improving national certification and assessment systems for occupations in the construction sector as well as recognition of prior learning (RPL) will formalize competencies of workers and establish a reliable basis for recruitment.
- At the end of their training, trainees will leave with a nationally approved certificate that increases their employability.
- Skilled local workers will be available for the construction sector in a country.
- Skills development will serve to boost the competitiveness of companies and will foster economic productivity and development.
- Integrating a range of labor market data into a digital platform will facilitate skills gaps analysis with regard to future demand in the construction sector.

The benefits of the Build4Skills approach for our partner countries are obvious: On the one hand, a skilled local workforce that is well qualified for future infrastructure projects will be built up. On the other hand, the established workplace-based, nationally accredited training will significantly enhance both people's employability and the economic productivity of the country as a whole. We firmly believe that including TVET as an element in the tendering processes and procedures of infrastructure projects will ultimately benefit everyone: developing countries, the private sector, the lending institutions, and certainly young people seeking employment.

Build4Skills Taking Shape—A Pilot Project in Mongolia

Pilot projects are crucial for the realization of a new initiative: Substantial results need to be produced early on. Once initial successes and promising examples can be demonstrated, other countries and actors can be convinced to take part. After a sequence of consultations and missions on the design of Build4Skills, BMZ and ADB identified Mongolia as the first pilot country.

The ADB-funded Ulaanbaatar Urban Services and Ger Areas Development Investment Program, with its substantial volume of ongoing and planned infrastructure measures, will be the operational framework for the trainings. The project sites

will provide the “on-site training space” for the work-based training. Together with Build4Skills, the German bilateral TVET project will provide technical assistance for adapting and developing on-site and school-based training modules to the needs on the construction site. For the assessment and certification of skills, Build4Skills is collaborating with the Mongolian TVET Assessment Center and the Mongolian Builders Integrated Association. Furthermore, Build4Skills will support in-company trainers of the contracted companies working on ADB’s project sites with training in instruction and training methods for workplace-based learning.

Additionally, Build4Skills will support the development of a digital interface that collates a range of labor market data and information about future demand in the construction sector. The integration of existing data from several sources, such as the Ministry of Finance, the National Development Agency (NDA), the General Office for Labor and Social Welfare Services (GOLWS), the TVET Assessment Center, and the Builders Association, into the interface will provide more sound and valid data, thus allowing for evidence-based policymaking. The Mongolian University for Science and Technology (MUST) will carry out the development of the interface’s concept. The interface will serve to assess the need for certain skills and the availability of skills, and analyze current and future gaps. Data analysis of the platform will have an impact on the national TVET system. It will be possible to reform it and adjust it to current needs: What is actually required by the labor market—now and in the future—will be clearly shown.

Build4Skills—Moving Forward

Build4Skills combines important strands of development cooperation. We are convinced that the joint contribution of ADB and BMZ will produce net benefits both for high-quality infrastructure development and for a sustainable society by creating future prospects for a country’s most valuable resource—its human resources!

To make the project a success, the engagement of private companies is crucial. To run a dual and cooperative TVET system, public and private stakeholders need to play their part, cooperate, and share responsibility in order to build up a well-qualified workforce. Build4Skills will advocate building up strong networks of relevant stakeholders, jointly shaping TVET systems according to the needs of everyone involved—companies, trainees, and the state.

Build4Skills’ long-term vision and aspiration is to establish TVET as a requirement in tendering processes for infrastructure projects (similar to social and environmental standards). We would like to encourage our partners to take advantage of this early stage of the project to identify viable solutions to create a double impact from infrastructure loans.

The unique partnership of BMZ and ADB within the framework of Build4Skills can serve as a promising model of interorganizational cooperation for other sectors of development cooperation. With the valuable insights gained from the pilot in Mongolia, the Build4Skills initiative could be rolled out and adapted to the context

of other partner countries facing similar challenges in the construction sector, and thus attract the attention of more donors and increasing the interest of the private sector in taking part in this innovative approach. Therefore, BMZ intends to promote Build4Skills further among its partners. The innovative approach of ADB and BMZ will be highlighted using proven evidence and best-practice examples from our pilot projects to keep the initiative on the global agenda.

Links to the presentation materials: <https://events.development.asia/materials/20160920/skills-development-part-infrastructure-projects>, <https://events.development.asia/materials/20190828/build4skills-innovative-idea-shaped-being>.

The views expressed in this Chapter are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this Chapter and accepts no responsibility for any consequence of their use. The mention of specific companies or products of manufacturers does not imply that they are endorsed or recommended by ADB in preference to others of a similar nature that are not mentioned.

By making any designation of or reference to a particular territory or geographic area, or by using the term “country” in this Chapter, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

This work is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO) <https://creativecommons.org/licenses/by/3.0/igo/>. By using the content of this Chapter, you agree to be bound by the terms of this license. For attribution, translations, adaptations, and permissions, please read the provisions and terms of use at <https://www.adb.org/terms-use#openaccess>.

This CC license does not apply to non-ADB copyright materials in this Chapter. If the material is attributed to another source, please contact the copyright owner or publisher of that source for permission to reproduce it. ADB cannot be held liable for any claims that arise as a result of your use of the material.