

Employability and Labour Market Dynamics *The Ticking Time Bomb*

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Core findings from the WP

- **Three major problems with labor market:**
 - Creating new decent jobs,
 - Enhancing employability of the labour force,
 - Reducing mismatches in the labour market

- **Higher the level of education, lower the employability**

Educational attainment	Unemployment rate	
	2010	2022
No education - class V	3.2	1.4
Class VI-XII ¹	7.0	3.9
Tertiary	4.9	12.0
Others ²	4.0	4.9

- **Over-supply of tertiary graduates is incompatible with the structure of industries and the economy**
 - ➔ Labor force with tertiary graduates increased from 3.5 in 2010 to 9.1 in 2022
 - ➔ Tertiary college students increased from about 1.5 million in 2010 to about 2.7 million in 2023
- **There is an acute shortage of technical schools to cater to large youth group.**
 - ➔ There are only 149 and 110 public TSC and TTC, respectively.
- **Shifting tertiary college students to the TVET stream is a major challenge.**

- **Development partner led skill development “projects” have fallen short of desired impacts.**
 - ➔ Tangible impacts are not visible at national level despite huge public investment.
 - ➔ There is a duplication of training due to a lack of national level coordination
- **Policy Failure: Lack of coordination among growth strategy, education policy, and skill development policy**

Recommendations for the budget and beyond

A. Reform agenda

1. TVET and skill development

- Substantial government investment is required to expand the technical schools such as TSC and TTC to the union level.
- The current models of polytechnics, TSCs, and TTCs are very expensive to build. We need indigenous low-cost solutions.
- Targeted training program is needed for the labor force with education level of primary and below.
- Demand side interventions (mass campaign in media, creating a few role models, etc.) are required to elevate the image and social recognition of TVET graduates.
- A reassessment of current donor-driven skill development projects is needed.

2. Female employment

- Create nonfarm jobs for females in rural areas (e.g., incentivizing RMG factories to locate in rural areas, public investment in building city-centers in every sub-districts, etc.)
- Build female hostels in every district.
- Low-cost day care centers for children in areas with high concentration of businesses.

3. Graduate employment

- There is an oversupply of graduates, particularly, tertiary college graduates. Reforms in education system is needed to shift a share of college graduates to TVET stream.
- Substantial reforms in education system is required to allow students to switch across subjects after one to two years of study.
- Incentivizing students to increase the enrollment in STEM.
- The format of BCS exam should be amended to make it more of an aptitude test such as GRE or GMAT. This will reduce the preparation time of students and completion time to administer the exam.

B. Inputs for next national budget

- An increase in budget for TVET and skill development.
- Streamlining skill development programs run by various ministries to avoid duplication
- The role of TVET graduates in nation building can be recognized in budget speech (a demand side intervention)
- Greater budget allocation for female hostels and day care centers
- Tax benefits for businesses for generating nonfarm employment for females in rural and semi-urban areas
- Creation of database of youths seeking jobs. A voluntary registration of unemployed youths at union level can help track the movement of unemployment and devise interventions at the local level.

Thank You



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