

# **5**

## **Strengthening the governance of skills systems in Southeast Asia**

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Strong governance arrangements are needed to ensure Southeast Asian countries can respond to existing challenges in their skills systems and adapt to labour market changes brought about by megatrends and COVID-19. This chapter assesses the effectiveness of skills governance in Southeast Asia and explores four opportunities to improve skills policies: 1) promoting a whole-of-government approach; 2) promoting a whole-of-society approach; 3) building integrated information systems; and 4) aligning and co-ordinating financial arrangements. The chapter looks at general trends within countries in Southeast Asia, which may have an impact on the above governance components and identifies and showcases good practices, which introduce what has worked to strengthen the relationships of the diverse actors in Southeast Asian skills systems.

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## The importance of strengthening the governance of skills systems

Effective skills governance systems are crucial to ensuring that Southeast Asia can implement the skills policies needed to adapt to megatrends and recover from the coronavirus (COVID-19) pandemic. Skills governance, defined as the process of decision making and the implementation of skills-related policy interventions (OECD, 2007<sup>[1]</sup>), aims to improve skills systems by ensuring that skills supply responds effectively to the needs of the labour market and society and promoting greater demand for the use of higher-level skills in the workplace, at home and in communities. This is done through the establishment of inclusive policies and institutions required to take rapid action, counteract the adverse effects of megatrends, and build countries' and individuals' resilience to shocks and disruptions, such as those of COVID-19.

Skills governance involves the contribution of a wide range of actors who work collaboratively to strengthen the skills system. Skills systems consist of the institutions, actors and policies, laws or regulations concerned with the development and use of skills (OECD, 2020<sup>[2]</sup>), as well as the actors who manage or are affected by them, such as governments, employers, workers, civil society representatives and individuals. Actors in the skills system undertake various activities related to developing and using skills, managing resources (e.g. financial, human, data) and taking decisions related to the supply and demand sides of the skills system. When working collaboratively, these actors' influence increases and they become empowered to link separate components of skills systems and work towards improved skills outcomes for the benefit of all. Effective skills governance allows relevant actors to identify and leverage their strengths, skills, knowledge and networks and use them to complement others to achieve shared policy objectives. As a result, inclusive skills systems are built through the involvement of a wide variety of actors in decision making, fostering buy-in and ownership across the entire skills system and allowing skills policies to contribute to broader socio-economic and societal development objectives (OECD, 2021<sup>[3]</sup>).

At the regional level, Southeast Asia has established regional skills governance bodies in recognition of their importance in implementing effective skills policies. To name a couple, the Association of Southeast Asian Nations (ASEAN) Technical and Vocational Education and Training (TVET) Council is responsible for the overall co-ordination, research and development and monitoring of regional education programmes to support TVET (RECOTVET, 2020<sup>[4]</sup>). In addition, the Southeast Asian Ministers of Education Organization (SEAMEO) and its centres bring together ministries of education to promote regional co-operation in education, science and culture (SEAMEO, 2021<sup>[5]</sup>). These bodies allow countries in the region to exchange good practices, co-ordinate policy implementation at the regional level and improve their respective skills systems. The above-mentioned bodies also engage stakeholders, which contribute funding and mobilise other resources. For example, SEAMEO's centres are funded through different channels, including contributions from all member countries. Furthermore, during the COVID-19 pandemic, such bodies were instrumental in ensuring skills systems' resilience by facilitating discussions on timely solutions and adaptation measures.

However, across Southeast Asian countries, several governance challenges remain. These include: 1) modest horizontal co-ordination arrangements and weak linkages between national and subnational levels of government; 2) low levels of collective bargaining and insufficient engagement of civil society actors, especially of disadvantaged groups; 3) limited capacity and infrastructure to integrate skills data from different sources and use them to inform skills policies; and 4) inadequate diversification of funding arrangements. To overcome these challenges, the OECD project team (OECD, 2019<sup>[6]</sup>) has identified four building blocks that aim to support effective skills governance systems in Southeast Asia:

- **A whole-of-government approach**, which involves horizontal co-ordination across ministries and vertical co-ordination between national and subnational governments. Engagement across government can vary from ad hoc governance bodies to more formal arrangements, such as skills councils at the national or subnational levels.

- **A whole-of-society approach**, which refers to engagement with actors outside of government and reflecting their needs and interests in skills policies. These actors include actors in education (e.g. teachers) and in the labour market sectors (e.g. employers, chambers of commerce, trade unions), as well as relevant civil society actors (e.g. non-governmental organisations [NGOs]). Engagement can range from opportunities for these actors to voice their concerns through stakeholder consultations or collective bargaining to their full inclusion in formal governance bodies.
- **Integrated information systems**, which refer to mechanisms that link various data sources to inform and support the development and implementation of skills policies. This includes co-ordination among various data collection entities and the standardisation of indicators, which help governance bodies identify current and possible future skills needs and promote sound planning of interventions and career guidance.
- **Aligned and co-ordinated financial arrangements**, which refers to the strategic co-ordination and use of limited financial resources coming from various sources to maximise value. It includes the assessment of financial needs, the identification of adequate and sustainable financial arrangements for skills policy implementation, the diversification of funding sources and the matching of funding needs.

Given these challenges, this chapter aims to suggest future directions for Southeast Asia's skills governance based on an analysis of the current performance of the region. It starts with an overview of the current governance arrangements to implement skills policies and an assessment of Southeast Asian countries' performance on key indicators. Building on this assessment, the chapter then presents four opportunities for the region to strengthen the governance of skills systems in Southeast Asia: 1) promoting a whole-of-government approach; 2) promoting a whole-of-society approach; 3) building integrated information systems; and 4) aligning and co-ordinating financial arrangements. Each opportunity addresses the region's current challenges and proposes concrete, evidence-based policy recommendations.

## Summary of recommendations

The policy recommendations presented throughout this chapter are summarised as follows.

### Summary of policy recommendations for Southeast Asia for the governance of its skills systems

#### Opportunity 1: Promoting a whole-of-government approach

##### ***Strengthening horizontal co-ordination***

- 3.1. Support skills-related inter-ministerial governance bodies in their engagement of all relevant ministries
- 3.2. Promote a shared skills goal among relevant ministries through strategic documents, such as national development plans and skills-related policy documents

##### ***Strengthening vertical co-ordination***

- 3.3. Support subnational governments in implementing skills policies by providing additional human and financial resources and capacity-building support

## Opportunity 2: Promoting a whole-of-society approach

### *Identifying and engaging relevant labour market actors*

- 3.4. Establish legal frameworks to strengthen engagement with actors in the labour market
- 3.5. Strengthen the effectiveness of governance bodies engaging labour market actors

### *Identifying and engaging relevant civil society actors*

- 3.6. Provide financial, technical, and networking resources to facilitate the participation of women, as well as the organisations that represent them, in governance
- 3.7. Strengthen youth's input in official governance bodies and development of youth strategies
- 3.8. Support migrant organisations' active participation in governance bodies and influence in skills policies

## Opportunity 3: Building integrated information systems

### *Improving data collection*

- 3.9. Implement robust national data collection processes to address data gaps
- 3.10. Support participation in international surveys to generate internationally comparable data

### *Improving the management and use of skills data*

- 3.11. Establish the institutional and legal groundwork for integrating data management systems
- 3.12. Regularly conduct skills assessment and anticipation exercises to design and updates skills policies

## Opportunity 4: Aligning and co-ordinating financial arrangements

### *Diversifying financial resources*

- 3.13. Promote the use of levies among employers to encourage skills development and mobilise financial resources for training

### *Allocating financial resources equitably and effectively*

- 3.14. Design a funding formula that allocates adequate financial resources to disadvantaged learners
- 3.15. Establish strong monitoring and evaluation systems to ensure the effectiveness of allocation arrangements

## Overview and performance of Southeast Asia's governance of skills systems

### *Promoting a whole-of-government approach*

Given that skills encompass a wide variety of policy domains, a whole-of-government approach is an integral part of the governance of skills systems. A whole-of-government approach refers to the capacity of various government entities to work together at the national and subnational levels and take advantage of the multiple perspectives, mandates and capabilities of different institutions. The approach aims to improve the government's horizontal and vertical co-ordination, with the overall objective of enhancing coherence in the implementation of skills policies, promoting synergies and improving resource efficiency. A whole-of-government approach should result in increased integration, improved co-ordination and enhanced capacities to develop and implement skills policy (OECD, 2011<sup>[7]</sup>; Christensen and Læg Reid, 2007<sup>[8]</sup>).

*The mandate for skills policies is spread across multiple ministries in Southeast Asia, highlighting the importance of effective horizontal co-ordination*

Skills systems are characterised by the involvement of multiple national actors in the development and implementation of skills policies. Horizontal co-ordination includes ministries, departments or agencies at the national level, which are mandated to undertake skills-related functions. The mandate for overseeing skills policies in Southeast Asia falls mainly under the ministries of education and labour. However, other ministries also have related functions, including ministries in charge of affairs related to the economy, industry, innovation, migration, social affairs, culture, sports, agriculture and tourism, as well as specialised national agencies (OECD, 2019<sup>[6]</sup>). In this sense, horizontal co-ordination promotes coherence in the development and implementation of skills policies and strategies, promotes shared responsibility for decisions and outcomes and fosters a shared commitment to take action (Ferguson, 2009<sup>[9]</sup>).

However, horizontal co-ordination becomes challenging as the number of national-level actors involved increases. Countries in Southeast Asia usually have diverse ministries with a mandate for skills policies. For example, ministries of education are primarily responsible for overseeing initial and higher education.<sup>1</sup> At the same time, ministries of labour are responsible for managing employment issues and industrial relations, promoting employment, designing, implementing and funding skills-related policies, and collecting information on workers and their rights, including for migrant workers. In some cases, labour ministries are also directly involved in training provision, especially TVET. Ministries of economy, industry and innovation implement skills policies that raise the demand for higher-level skills. Ministries that oversee social affairs, culture and sports are responsible for promoting policies that encourage skills use in everyday life, such as civic engagement and leisure activities. Other ministries, such as those responsible for tourism and agriculture, also offer specialised training to develop skills for their respective sectors. Furthermore, some countries have established oversight bodies that actively co-ordinate the skills or TVET-related activities organised by different actors. A selection of various institutions responsible for implementing elements of skills policies in Southeast Asia is provided in Table 5.1.

**Table 5.1. Main national-level skills government institutions in Southeast Asian countries**

Country	Ministry/agency responsibilities for implementing elements of skills policies							
	Ministry of Education (or equivalent)	Ministry of Labour (or equivalent)	Ministry of Economy, Industry, and Innovation (or equivalent)	Ministry of Social Affairs, Culture and Sports (or equivalent)	Ministry of Agriculture	Ministry of Tourism	Other ministry*	Specialised agency for skills (e.g. TVET)
Brunei Darussalam	✓		✓	✓			✓	✓
Cambodia	✓	✓	✓	✓	✓	✓		✓
Indonesia	✓	✓	✓	✓	✓	✓	✓	✓
Malaysia	✓	✓	✓	✓				✓
Myanmar	✓	✓	✓	✓	✓		✓	✓
Philippines	✓	✓	✓	✓	✓			✓
Singapore	✓	✓					✓	✓
Thailand	✓	✓	✓	✓				✓
Viet Nam	✓	✓	✓	✓	✓	✓		✓

Note: Reference to the ministries' responsibilities on different items of the skills agenda was collected through visits to the official websites and references to their work. The table is not exhaustive; rather, it intends to indicate the type of ministries involved. Other ministries may also be involved in the respective countries; however, the information may not have been publicly available during the drafting of this report.

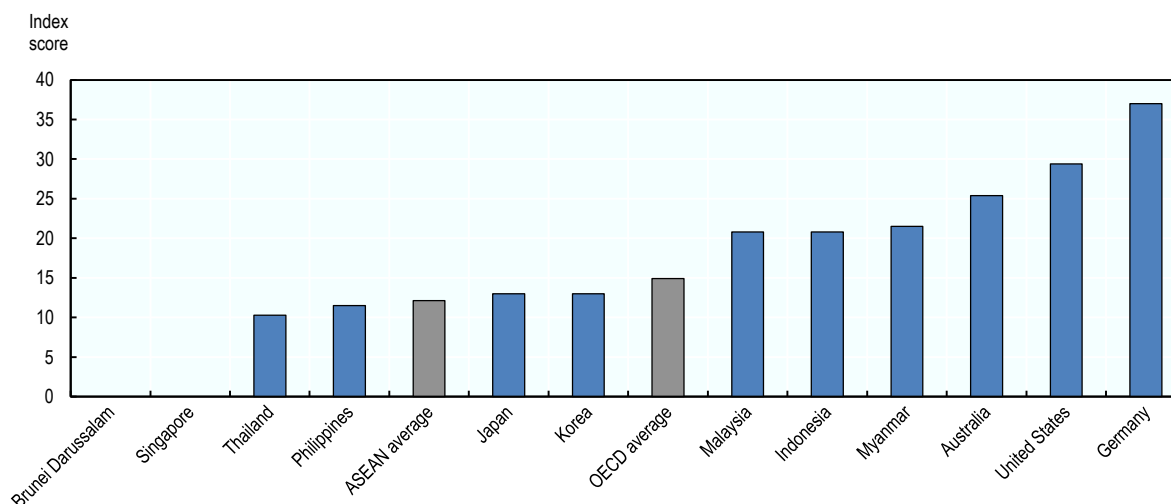
\*Other ministries for: Indonesia - Ministry for Economic Affairs; Myanmar – Ministry of Science and Technology (Department of Technical and Vocational Education and Training); Singapore – Ministry of Health (Ageing Planning Office).

*Southeast Asian countries vary considerably in terms of effectiveness of vertical co-ordination for skills policies*

Vertical co-ordination enables a close interaction across levels of government and is crucial to ensure that national policy decisions reflect needs at the subnational level. Vertical co-ordination refers to the level of engagement between the national and subnational governments. It allows the latter to participate actively in policy decision making. Furthermore, it aims to make policy development more responsive to subnational needs. Vertical co-ordination offers several advantages. These include boosting knowledge sharing, broadening the scope of skills data collection, improving skills budget use efficiency; reducing disparities in participation (by individuals) in skills development and use across subnational levels; and stimulating skills interventions based on actual needs (OECD, 2021<sup>[10]</sup>). Vertical co-ordination ranges from dialogue and ad hoc consultations with subnational levels to inclusion in formal governance bodies. Occasionally, it may entail the entire delegation of responsibilities of the national government to subnational governments through decentralisation (Gløersen and Michelet, 2014<sup>[11]</sup>).

Southeast Asian governments vary considerably in terms of the extent to which regional governments exercise authority for skills policy. Figure 5.1 presents the extent to which different government levels exert authority in policy decision making (Hooghe et al., 2016<sup>[12]</sup>). The index ranges between 0 and 38, with the higher numbers indicating higher levels of decentralisation and greater authority delegated to regional government structures. While the averages for ASEAN countries (12.1) and OECD countries (14.9) do not differ significantly, considerable differences can be observed among Southeast Asian countries. For example, Myanmar (21.5), Malaysia (20.8) and Indonesia (20.8) are countries where decision-making authority is relatively more decentralised, thus showing more regional authority. At the same time, according to the index, Singapore (0), Brunei Darussalam (0), Thailand (10.3) and the Philippines (11.5) are below the ASEAN average. Therefore, it is assumed that their systems are highly centralised.

**Figure 5.1. Regional Authority Index, Southeast Asian countries and selected OECD countries, latest available year**



Note: The Regional Authority Index measures the extent to which regional governments can exercise authority (i.e. legitimate, recognised and accepted right to power) in various areas of governance, including taxation, borrowing, national legislation and constitutional reform, on a scale from 0 to 38. All data are from 2010 except for Japan and the United States (2016).

Source: Hooghe et al. (2016<sup>[12]</sup>), *Measuring Regional Authority: A Post-functionalist Theory of Governance, Volume I*, <https://doi.org/10.1093/acprof:oso/9780198728870.001.0001>.

### ***Promoting a whole-of-society approach***

While horizontal and vertical co-ordination arrangements are necessary among ministries and across levels of government, it is equally important to engage actors outside of government. A whole-of-society approach includes the participation of a wide range of non-governmental actors in policy making. These include employers, workers and civil society representatives, educational institutions and training providers, among others. Employers refer to the actors who can engage other individuals to work with them as employees (OECD, 2002<sup>[13]</sup>), while workers are all those involved in paid employment (OECD, 2003<sup>[14]</sup>). Civil society refers to all individuals or organisations of individuals linked by similar interests or pursuing common objectives through partnerships with other individuals for non-commercial reasons. The involvement of these actors in the skills agenda provides a broader perspective on the skills system and valuable, up-to-date information regarding current and evolving skills needs. Promoting a whole-of-society approach requires establishing effective engagement mechanisms and creating avenues for the political participation and inclusion of under-represented groups at all policy decision-making levels.

*Southeast Asian countries could do more to improve engagement with relevant labour market actors for skills policies*

Co-ordination mechanisms engaging employers and workers can assist in more closely aligning educational and training goals and outcomes with the needs of the labour market. Employers play a key role in skills governance (ILO, 2020<sup>[15]</sup>), as they possess valuable information and resources – financial, human, and technological – to support and contribute to the development and use of skills. Similarly, workers are well positioned to understand challenges and opportunities in developing and using skills, the skills that workers need for success, and why certain individuals either do not avail themselves of or abandon training and employment opportunities. A variety of co-ordination mechanisms exist for governments to engage employers and workers (e.g. public-private partnerships, councils, co-funding arrangements) and for employers and workers to engage with one another (e.g. collective bargaining mechanisms) (OECD, 2019<sup>[6]</sup>).

Establishing effective collective bargaining mechanisms is crucial to fostering the socio-political environment that allows workers and employers to participate in skills policy making. Collective bargaining refers to the engagement mechanisms through which trade unions come together to establish agreements with employers regarding their terms of employment (ILO, 2022<sup>[16]</sup>). The ASEAN average collective bargaining coverage rate stands at 10.1% (for those countries with available data). As shown in Figure 5.2, collective bargaining agreements are virtually absent in Malaysia and the Philippines, where less than 2% of the workforce is covered. In comparison, in Cambodia, one in four (26.3%) employees' conditions of employment are determined by collective agreements. The OECD collective bargaining rate average is 44.6%, with significant differences between countries. For example, in Germany, a country with a governance system wherein social dialogue has traditionally played a central role, 56% of employees have working conditions or wages determined by at least one collective bargaining agreement. In comparison, the United States stands just above the ASEAN average, with 11.5% of workers represented.

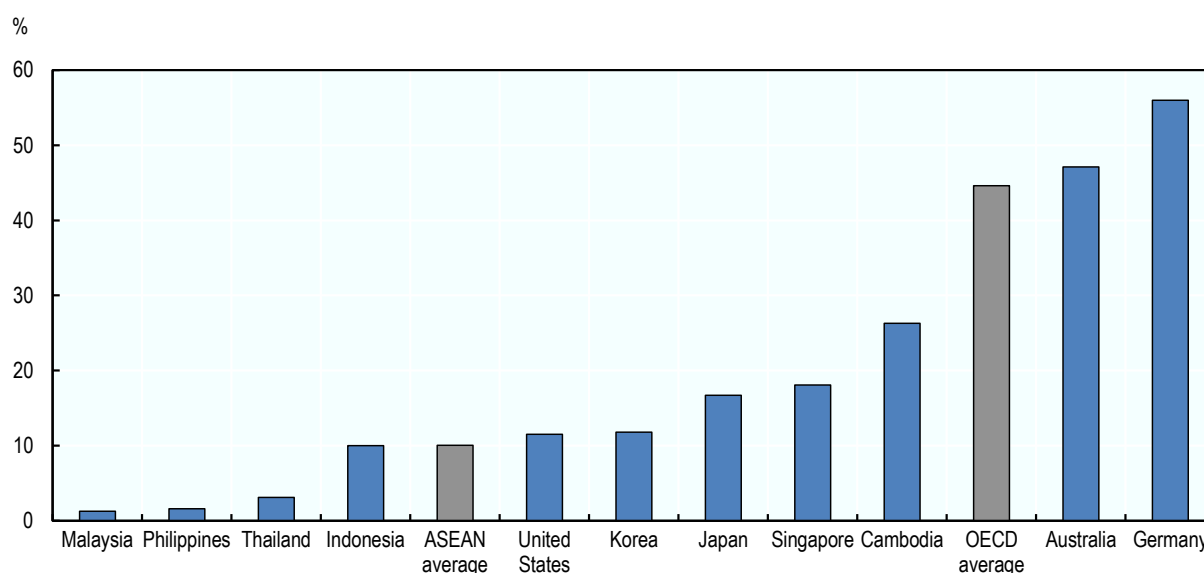
*More could be done to improve the participation of civil society in skills policies in Southeast Asia*

The engagement of civil society actors is crucial to improving governance at all levels, ensuring that skills policies are adapted to the needs of the most vulnerable and secure the full use of skills for life and work. Organised civil society actors, such as NGOs, are likely to have closer contact than governments with local community leaders and other local actors. Therefore, they can facilitate negotiations at the local level and support the implementation of skills reforms. Moreover, civil society actors are knowledgeable about their local context and aware of the needs of various vulnerable groups. As such, their engagement is crucial to ensure that the needs of vulnerable groups are reflected in policy making and that the skills development

policies are not only demand-driven but also inclusive (ADB, 2021<sup>[17]</sup>). Furthermore, organised civil society actors often promote employment and entrepreneurship through targeted programmes and support individuals in coping with specific challenges. Therefore, they are strategically positioned to support skills use for life and work. Finally, many of the organised civil society actors in Southeast Asia have a regional or international perspective. They are, therefore, capable of supporting cross-country knowledge sharing and ASEAN-wide initiatives (Makito, 1999<sup>[18]</sup>).


**Figure 5.2. Collective bargaining coverage rates in Southeast Asian countries and selected OECD countries, 2016**

Percentage of employees



Note: The collective bargaining coverage rate measures the number of employees whose wages and/or conditions of employment are determined by one or more collective agreement(s) as a percentage of the total number of employees. Due to a lack of data, the latest available year was used for the following countries: Indonesia (2008), Cambodia and Singapore (2012), and Korea (2015).

Source: World Bank (2019<sup>[19]</sup>), *Freedom of association and assembly*, <https://govdata360.worldbank.org/indicators/h73d52fde>; ILOSTAT (2020<sup>[20]</sup>), *Statistics on collective bargaining*, <https://ilostat.ilo.org/topics/collective-bargaining/>.

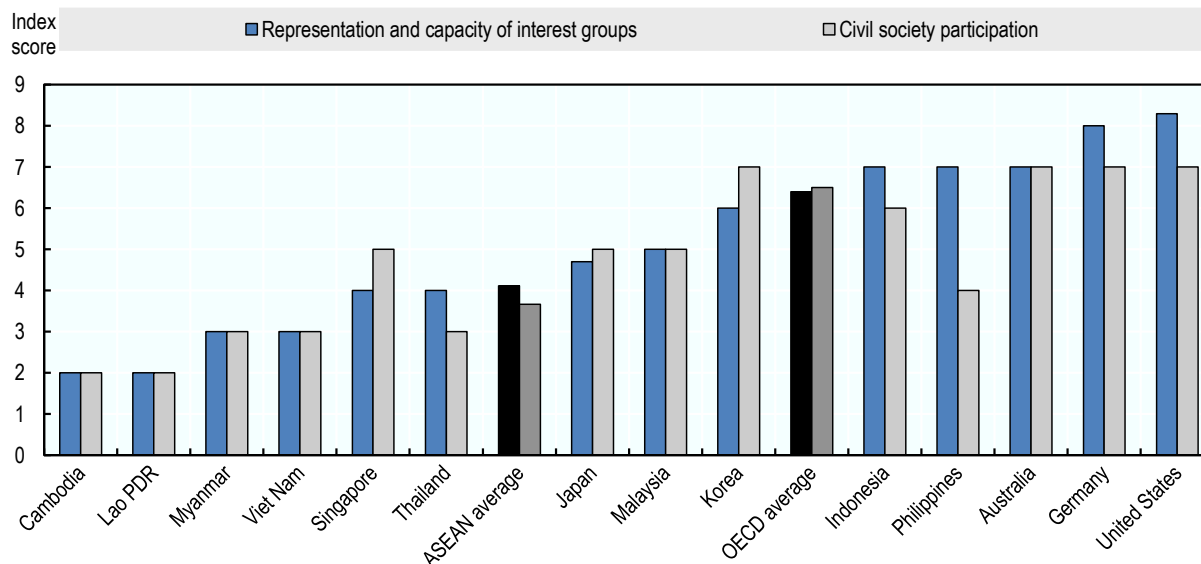
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Despite the importance of their engagement, more could be done to facilitate the inclusion of civil society actors in Southeast Asian countries. Figure 5.3 shows the extent to which representative and competent civil society groups exist in the region, as well as the level at which these groups participate in the formulation of policies and in the political process. On a scale of 1 (lowest) to 10 (highest), Southeast Asia scores an average of 4.1 in the representation and capacity of interest groups, which is lower than the OECD average of 6.4. Similarly, the region rates only 3.7 in civil society participation, which is lower than the OECD average of 6.5, indicating significant room for improvement. Civil society capacity and participation are highest in Indonesia (7 in representation and capacity of interest groups, 6 in civil society participation) and the lowest in Cambodia and the Lao People's Democratic Republic (hereafter "Lao PDR") (2 for both indicators).




**Figure 5.3. Civil society capacity and participation in policy formulation in Southeast Asian countries and selected OECD countries, 2022**

Index score on a scale of 1 (lowest) to 10 (highest)



Note: “Representation and capacity of interest groups” refers to the extent to which a network of co-operative and competent interest groups exists to mediate between segments of civil society and government, while “civil society participation” refers to the extent to which political leadership involves civil society actors in agenda setting, decision making, policy development and implementation, and performance monitoring. Equivalent data for OECD countries were taken from the Sustainable Governance Indicators Database, using the indicators “parties and interest associations”, which measures the extent to which non-economic associations are capable of representing segments of civil society, and “societal consultation”, which refers to the extent to which government consults with economic and social actors in the course of policy preparation.

Source: Bertelsmann Stiftung (2022<sub>[21]</sub>), *BTI Transformation Index*, <https://bti-project.org/en/index/political-transformation>; Bertelsmann Stiftung (2022<sub>[22]</sub>), *Sustainable Governance Indicators*, [www.sgi-network.org/2022/](http://www.sgi-network.org/2022/).

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### **Building integrated information systems**

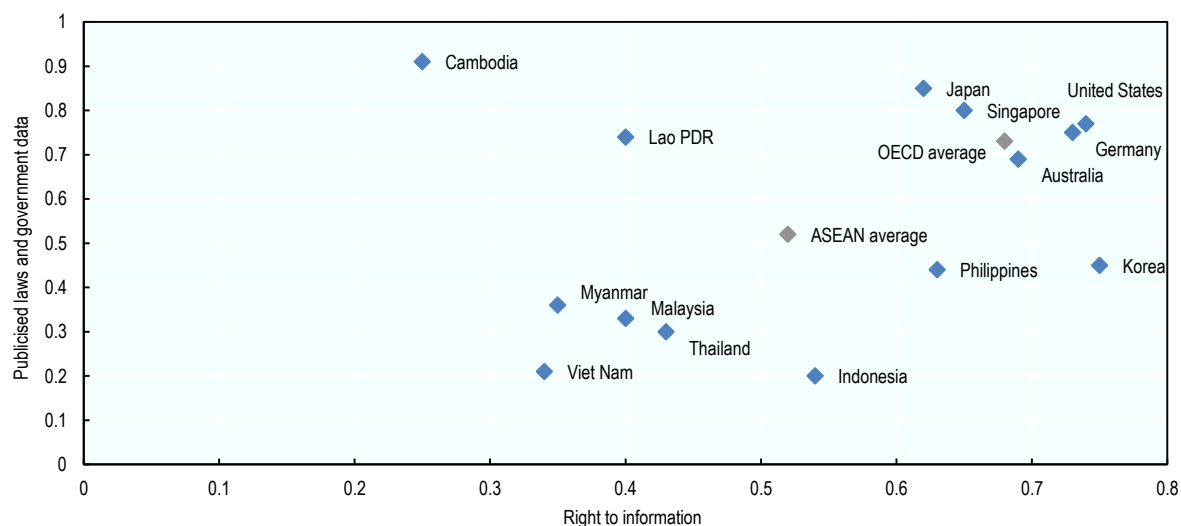
Integrated information systems facilitate decision-making processes by making the necessary data available to draw findings on skills issues. Therefore, building integrated information systems is an essential building block for skills governance. In Southeast Asia, different actors currently collect, process and disseminate data, making data management processes very complex. Having various data sources may also hinder the utilisation of data, as, without integration, any single data source is incomplete and thus has only limited use. For instance, incomplete data from the supply side alone cannot inform career guidance and counselling services. Similarly, demand-side data alone cannot inform skills forecast exercises. Data are only valuable when they can be used effectively, highlighting the importance of establishing the right environment to make information accessible to all.

Southeast Asian countries vary in the extent that they guarantee the right to information and make laws and government data publicly available. Southeast Asian countries like Viet Nam, Indonesia, Thailand, Malaysia, and Myanmar have relatively fewer measures that guarantee the right to information and make laws and government data publicly available. In contrast, like other OECD countries, Singapore has relatively more measures that ensure the right to information (Figure 5.4). Accessibility of skills information could be enhanced through a formal body responsible for managing and disseminating this type of

information. The importance of the availability, dissemination and use of high-quality skills information was underscored during the COVID-19 pandemic, as policy makers, employers and individuals struggled to make informed skills-related decisions.

**Figure 5.4. Availability and accessibility of information: Right to information vs. publicised laws and government data in Southeast Asian countries and selected OECD countries, 2020**

Index score on a scale of 0 (lowest) to 1 (highest)



Source: World Justice Project (2021<sup>[23]</sup>), *Open Government Indicators*, [www.worldjusticeproject.org/rule-of-law-index/factors/2021/Open%20Government](https://www.worldjusticeproject.org/rule-of-law-index/factors/2021/Open%20Government).

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### **Aligning and co-ordinating financial arrangements**

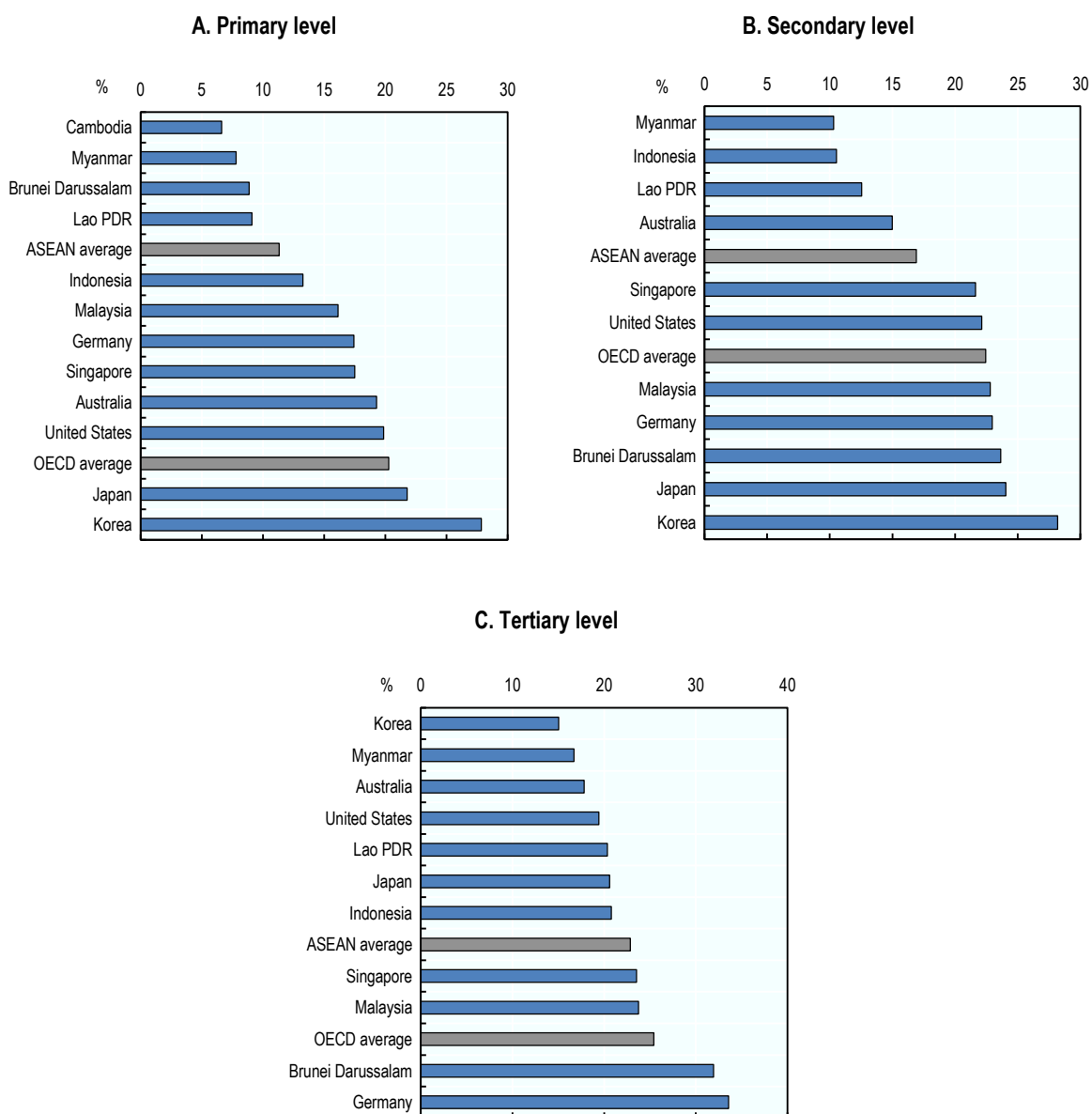
Robust financial arrangements are an essential factor in the sustainability of governance mechanisms and a determinant of the success of skills interventions. Innovative financing mechanisms provide financial resources from different sources, creating an enabling environment for skills systems to plan essential long-term interventions. Moreover, they allow systems to adapt and act rapidly towards tackling the possible adverse effects of labour market megatrends and other disruptive shocks, such as the COVID-19 pandemic. Furthermore, diversified financial arrangements provide increasing resources to skills systems and make a more comprehensive set of actors responsible for the results of skills development and use interventions, promoting joint decision making, which is expected to lead to increased quality.

Regardless of the above, skills development systems in Southeast Asia continue to be mainly financed through household and government contributions, relying heavily on government funding. Figure 5.5 depicts the government expenditure per student (expressed as a percentage of gross domestic product [GDP] per capita, which is among the measures to track the progress of Sustainable Development Goal [SDG] target 4.5.4) across Southeast Asia and OECD countries. A higher indicator value indicates a greater priority to the specific level of education given by public authorities. Across both OECD and Southeast Asia countries, higher levels of education are associated with higher spending per student (per capita terms). Lower spending at earlier stages of education makes it less likely for young learners to develop a strong skills foundation, which then limits their ability to acquire higher-level skills at later stages of education, such as at the tertiary level (OECD, 2017<sup>[24]</sup>). At all levels, average Southeast Asian government expenditure is below that of OECD countries. For pupils in primary education, countries in Southeast Asia spend 11.3% of GDP per capita on average compared to 20.3% in OECD

countries. The spending gap between countries in Southeast Asia and the OECD narrows though for secondary and tertiary levels of education. For instance, Southeast Asia countries are spending 22.8% of GDP per capita for each student in tertiary education, compared to 25.4% in OECD countries. As discussed in Chapter 3, the number of students decreases by the level of education across countries. This is, in particular, the case for countries in Southeast Asia, which tend to spend an increasing amount of public resources on a relatively small (tertiary) student population.

**Figure 5.5. Government expenditure on education per student in Southeast Asian countries and selected OECD countries, latest available year**

Percentage of GDP per capita



Note: Government expenditure on education per student refers to the average general government expenditure (current, capital and transfers) per student, expressed as a percentage of GDP per capita. Data include the latest year available for each country at each level of education. Source: World Bank (2021<sup>[25]</sup>), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators>.

## Opportunities to strengthen the governance of skills systems

Improving the governance of skills systems is essential to ensuring that skills policies are implemented effectively. Moreover, effective implementation is key to guaranteeing that all actors benefit equally from skills policies and that they can sustain the full development and use of their skills over the life course. Based on an assessment of the performance of countries in Southeast Asia, the following opportunities have been identified for strengthening the governance of its skills systems:

1. promoting a whole-of-government approach
2. promoting a whole-of-society approach
3. building integrated information systems
4. aligning and co ordinating financial arrangements.

### ***Opportunity 1: Promoting a whole-of-government approach***

Skills policies require a whole-of-government approach. Developing and implementing skills policies rarely depend on a single ministry or level of government. Instead, they often involve multiple governmental actors with responsibilities for, and interests in, skills outcomes. A whole-of-government approach is needed to promote horizontal co-ordination among relevant ministries and vertical co-ordination across levels of government, including regional and local. Such an approach aims to bring different ministries and levels of government together to facilitate their collaboration and foster policy coherence (OECD, 2019<sup>[6]</sup>).

There are various horizontal and vertical mechanisms to facilitate a whole-of-government approach to skills policies. In all mechanisms, it is important to ensure that all units of government have a common understanding of the skills agenda and its goals and are committed to providing the necessary financial and human resources to facilitate the implementation of skills policies. Opportunity 1 presents two policy directions for promoting a whole-of-government approach. First, it explores how to promote horizontal co-ordination across ministries by establishing oversight agencies, inter-ministerial bodies, and sectoral bodies. Second, it discusses how to strengthen vertical co-ordination across levels of government, such as by implementing vertical mechanisms that bring together national and subnational levels of government in the form of formal bodies, working groups and ad hoc meetings.

#### *Strengthening horizontal co-ordination*

Horizontal co-ordination, which fosters collaboration among relevant ministries and other national-level actors on skills policies, improves skills systems in several ways. First, they enhance the coherence of the skills agenda across the whole of government, establishing close linkages between national development plans, economic, industrial, and sectoral growth strategies and skills policies and strategies (ADB, 2015<sup>[26]</sup>). Second, horizontal co-ordination improves the overall resilience of skills systems by enabling a more efficient and rapid response to tackle shocks, such as the COVID-19 pandemic, facilitating strategic and timely decision making and designing targeted skills activities (ILO, 2020<sup>[27]</sup>). Third, horizontal co-ordination also promotes other activities required for an efficient skills system, such as improved data collection, management, and dissemination (see Opportunity 3) and the sustainable financing of skills (see Opportunity 4) (OECD, 2019<sup>[6]</sup>; 2020<sup>[2]</sup>). In line with these many benefits, this policy direction explores two areas where horizontal co-ordination could be strengthened in Southeast Asia's skills systems: 1) establishing inter-ministerial oversight bodies; and 2) developing a shared skills goal across ministries.

#### **Strengthening horizontal co-ordination through inter-ministerial oversight bodies**

Inter-ministerial oversight bodies have shown positive results in promoting coherent implementation of skills policies in some Southeast Asian countries. An inter-ministerial oversight body is an independent entity that co-ordinates skills-related policies across policy domains. Among the activities of different

inter-ministerial oversight bodies is the co-ordination of actors involved in skills development and use, data collection, skills-related research, knowledge sharing, and monitoring and evaluation of skills policies. Often acting with a certain degree of independence, inter-ministerial oversight bodies are typically governed by inter-ministerial boards and bring together national and subnational government representatives. The strategic advantage of inter-ministerial oversight bodies is found in their expertise. By focusing their activities on specific components of skills development and use, oversight bodies can support the implementation of long-term strategies with sustainable results. Countries in Southeast Asia with established oversight agencies include Malaysia (Department of Skills Development, DSD), Myanmar (National Skills Standards Authority, NSSA), the Philippines (Technical Education and Skills Development Authority, TESDA), and Viet Nam (Department for Vocational Education and Training, DVET) (Table 5.2). Inter-ministerial oversight bodies may be created ad hoc to respond to disruptive and pressing issues affecting skills policies. For example, Australia's Industry and Skills Committee (AISC) Emergency Response Sub-Committee was expressly set up to tackle the challenges of the COVID-19 pandemic (Box 5.1).

**Table 5.2. Examples of skills-related inter-ministerial oversight bodies in Southeast Asian countries**

Country	Inter-ministerial bodies	Mandate	Ministries involved	Other members
Brunei Darussalam	Manpower Planning and Employment Council	To address unemployment-related issues effectively and efficiently	<ul style="list-style-type: none"> <li>• Prime Minister's Office</li> <li>• Education</li> <li>• Home Affairs</li> <li>• Development</li> <li>• Transport &amp; Info-Communication</li> <li>• Culture, Youth and Sports</li> </ul>	<ul style="list-style-type: none"> <li>• Industries</li> <li>• Regulators/authorities</li> <li>• Training institutions</li> </ul>
Cambodia	National Training Board	To co-ordinate a long-term development plan for TVET and orient the TVET system towards the socio-economic needs of the country	<ul style="list-style-type: none"> <li>• Council of Ministries</li> <li>• Labour and Vocational Training</li> <li>• Social Affairs</li> <li>• Veteran and Youth Rehabilitation Education, Youth and Sport</li> <li>• Commerce</li> <li>• Post and Telecommunications</li> <li>• Tourism</li> <li>• Agriculture, Forestry and Fisheries</li> <li>• Industry, Mines and Energy</li> <li>• Public Works and Transport</li> <li>• Planning</li> <li>• Economy and Finance</li> <li>• Health</li> <li>• Environment</li> <li>• Culture and Fine Arts</li> <li>• Women's Affairs</li> <li>• Rural Development</li> <li>• Labour and Vocational Training's Council for the Development of Cambodia</li> </ul>	<ul style="list-style-type: none"> <li>• Employers</li> <li>• Individual enterprises</li> <li>• Hotel industry associations</li> <li>• Trade unions</li> <li>• Polytechnics</li> <li>• International organisations</li> <li>• NGOs</li> </ul>
Indonesia	Coordinating Ministry for Economic Affairs	To plan and co-ordinate economic policies, including manpower development	<ul style="list-style-type: none"> <li>• Manpower</li> <li>• State Owned Enterprises</li> <li>• Finance</li> <li>• Industry</li> <li>• Trade</li> <li>• Agriculture, Environment and Forestry</li> <li>• Public Works and Public Housing</li> <li>• Land Spatial Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Other relevant state institutions</li> </ul>

Country	Inter-ministerial bodies	Mandate	Ministries involved	Other members
Lao PDR	National Training Council	To function as an advisory body regarding the development of skills plans and policies	<ul style="list-style-type: none"> <li>• Education and Sports</li> <li>• Labour and Social Welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Employers</li> <li>• Youth</li> <li>• Women</li> <li>• Unions</li> </ul>
Malaysia	Council of the Department of Skills Development	To manage and co-ordinate training offers for Malaysian citizens and promote career development in all sectors	<ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Education</li> <li>• Higher Education</li> <li>• Youth and Sports</li> <li>• Rural and Regional Development</li> <li>• Agriculture and Agro-based Industry</li> <li>• Public Works</li> </ul>	<ul style="list-style-type: none"> <li>• Employers</li> <li>• Individual enterprises</li> <li>• Trade unions</li> <li>• Sectoral associations</li> <li>• Academic institutions</li> </ul>
Myanmar	Board of the National Skills Standards Authority	To support labour-market-relevant skills development opportunities and improve the quality of the skills development programmes (e.g. through the development of skills assessment criteria and a certification system)	<ul style="list-style-type: none"> <li>• Labour, Immigration and Population</li> <li>• Planning, Finance, and Industry</li> <li>• Agriculture, Livestock, and Irrigation</li> <li>• Commerce</li> <li>• Transport and Communications</li> <li>• Natural Resources and Environmental Conservation, Electrical and Energy</li> <li>• Planning, Finance and Industry</li> <li>• Education</li> <li>• Health and Sports</li> <li>• Construction</li> <li>• Social Welfare, Relief and Resettlement</li> <li>• Hotels and Tourism</li> <li>• Labour, Immigration and Population</li> </ul>	<ul style="list-style-type: none"> <li>• Employers</li> <li>• Trade unions</li> </ul>
Philippines	Philippine Qualifications Framework – National Coordinating Council	To harmonise qualification levels across initial education, TVET and tertiary education, in line with the Philippines Qualifications Framework, as well as to improve quality assurance mechanisms throughout the skills system	<ul style="list-style-type: none"> <li>• Education</li> <li>• Labour and Employment</li> <li>• Commission of Higher Education</li> <li>• Technical Education Skills Development Authority (TESDA)</li> <li>• Professional Regulation Commission</li> </ul>	<ul style="list-style-type: none"> <li>• Economic sector</li> <li>• Industry sector</li> </ul>
	The Philippine Skills Framework Initiative	To co-ordinate inter-agency efforts to improve the skills of the Philippine workforce through the development of sector-specific skills frameworks	<ul style="list-style-type: none"> <li>• Trade and Industry</li> <li>• Agriculture</li> <li>• Education</li> <li>• Information and Communications Technology</li> <li>• Labour and Employment</li> <li>• Science and Technology</li> <li>• Tourism</li> <li>• Commission on Higher Education, Professional Regulatory Commission</li> <li>• TESDA</li> </ul>	

Country	Inter-ministerial bodies	Mandate	Ministries involved	Other members
Singapore	SkillsFuture Singapore	To drive and coordinate the implementation of the national SkillsFuture movement, promote a culture and system of lifelong learning through the pursuit of skills mastery, and strengthen the ecosystem of quality education and training in Singapore	<ul style="list-style-type: none"> <li>Health</li> <li>Education</li> <li>Info-Communications Media Development Authority of Singapore</li> </ul>	<ul style="list-style-type: none"> <li>Enterprises</li> <li>Employers</li> <li>Trade associations</li> <li>Unions</li> <li>WorkForce Singapore</li> </ul>
	Future Economy Council	To develop and implement new strategies for 23 strategic industries	<ul style="list-style-type: none"> <li>Deputy Prime Minister and Coordinating Minister for Economic Policies</li> <li>Prime Minister's Office</li> <li>Education</li> <li>Sustainability and the Environment</li> <li>Trade and Industry</li> <li>Transport</li> <li>National Development</li> <li>Social and Family Development</li> <li>Health</li> <li>Manpower</li> <li>Communications and Information</li> <li>Finance</li> </ul>	<ul style="list-style-type: none"> <li>Trade Associations and Chambers (TACs)</li> <li>Unions</li> <li>Businesses</li> <li>Institutes of Higher Learning (IHLs)</li> <li>Training institutes</li> </ul>
Thailand	Committee of Thailand's Equitable Education Fund	To provide financial support to disadvantaged children and youth and reduce educational inequalities	<ul style="list-style-type: none"> <li>Prime Minister</li> <li>Education</li> <li>Finance</li> <li>Social Development and Human Security</li> <li>Interior</li> <li>Public Health</li> </ul>	

Source: APEC (2021<sup>[28]</sup>), *APEC Economic Policy Report 2021: Structural Reform and the Future of Work*, [www.apec.org/docs/default-source/publications/2021/11/2021-aepr/2021-aepr---annex-a\\_individual-economy-reports.pdf?sfvrsn=b601ebf\\_4](http://www.apec.org/docs/default-source/publications/2021/11/2021-aepr/2021-aepr---annex-a_individual-economy-reports.pdf?sfvrsn=b601ebf_4); Brunei Darussalam, Manpower Industry Steering Committee (MISC) Working Group for Energy (2023<sup>[29]</sup>), *About Us*, <https://miscenergy.com/about/>; National Training Board (2008<sup>[30]</sup>), *National Training Board Profile and History*, [www.ntb.gov.kh/profile.htm](http://www.ntb.gov.kh/profile.htm); UNESCO International Centre for Technical and Vocational Education and Training (2020<sup>[31]</sup>), *TVET Country Profile: Lao People's Democratic Republic*, <https://unevoc.unesco.org/home/Dynamic+TVET+Country+Profiles/country=LAO>; Malaysia Department of Skills Development (2020<sup>[32]</sup>), *Department Profile*, [www.dsd.gov.my/index.php/profil-jabatan/latar-belakang](http://www.dsd.gov.my/index.php/profil-jabatan/latar-belakang); Myanmar National Skills Standards Authority (2021<sup>[33]</sup>), *NSSA Organizational Structure*, [www.nssa.gov.mm/en/about-us/organizational-structure](http://www.nssa.gov.mm/en/about-us/organizational-structure); Philippine Business for Education (2020<sup>[34]</sup>), *A Future That Works: Where We Are So Far*, [www.pbed.ph/projects/13/A%20Future%20That%20Works](http://www.pbed.ph/projects/13/A%20Future%20That%20Works); Philippine Department of Trade and Industry (2021<sup>[35]</sup>), *DTI leads launching of national skills upgrading initiative*, [www.dti.gov.ph/archives/news-archives/national-skills-upgrading-launching/](http://www.dti.gov.ph/archives/news-archives/national-skills-upgrading-launching/); Singapore Ministry of Trade and Industry (2020<sup>[36]</sup>), *The Future Economy Council*, [www.mti.gov.sg/FutureEconomy/TheFutureEconomyCouncil](http://www.mti.gov.sg/FutureEconomy/TheFutureEconomyCouncil); SkillsFuture (2016<sup>[37]</sup>), *Homepage*, <https://www.skillsfuture.gov.sg/>; Workforce Singapore Agency (2016<sup>[38]</sup>), *About Workforce Singapore*, [www.ssg-wsg.gov.sg/about.html?activeAcc=7](http://www.ssg-wsg.gov.sg/about.html?activeAcc=7); Thailand Department of Skill Development (2014<sup>[39]</sup>), *About the Department: Vision/Mission*, [www.dsd.go.th/DSD/Home/Vision](http://www.dsd.go.th/DSD/Home/Vision).

While governance bodies, such as inter-ministerial oversight bodies, are essential to facilitating horizontal co-ordination, it matters how they are established. Having unnecessary multiple bodies with the same or similar mandates and engaging many of the same actors across bodies would be counterproductive and ineffective. When the responsibilities and membership of these bodies overlap, this can impede co-ordination by overloading members' agendas; creating confusion about objectives, roles and responsibilities; and reducing efficiency. Thus, the mandates, scope and composition of bodies should be clarified and co-ordinated relative to each other through, for example, creating clear terms of reference

specifying the roles and responsibilities of each body. These terms should be based on the specific body's mandate, capacity and expertise (Charbit and Michalun, 2009<sup>[40]</sup>).

Furthermore, the effectiveness of governance bodies depends on the active participation of its members and available financial and human resources. While the active participation of members is critical for governance bodies to co-ordinate effectively, common constraints include lack of time and availability to meet. This constraint is particularly challenging when the members include senior government officials from different ministries and require their presence to convene. A frequent turnover among members can also be a problem. To make more frequent meetings possible and ensure continuity, governance body members could form smaller working groups on specific issues, brief new members, discuss relevant issues in advance, prepare input for the main meetings, document the outcomes of the meetings, and follow up on specific decisions (OECD, 2021<sup>[10]</sup>). Convening members, preparing meeting documents, booking meeting venues, and following up on and implementing decisions made during meetings require financial and human resources. In Korea, the Social Affairs Ministers' Committee (SAMC), led by the Minister of Education, consists of senior representatives from nine ministries and co-ordinates a variety of social policies, including those related to skills. The SAMC has smaller working groups to monitor the implementation of its decisions and to raise policy results. Furthermore, a dedicated team of 18 members within the Ministry of Education's Social Policy Cooperation Bureau support the work of the committee (Box 5.1) (OECD, 2021<sup>[10]</sup>).

### Strengthening horizontal co-ordination through a common goal across ministries

Besides co-ordination bodies, horizontal co-ordination can also be strengthened through promoting a common goal across ministries. When ministries share a common goal, they are incentivised and expected to co-ordinate with one another. A shared goal could be formalised through strategic documents, such as national development plans and skills-specific policy documents. The shared goal should consist of an overarching vision for skills outcomes that all relevant ministries share and can contribute to.

National development plans foster horizontal co-ordination in skills policies. When national development plans include skills-related objectives, relevant ministries are incentivised to co-ordinate with one another to align their respective contributions to reach the skills-related objectives. Table 5.3 shows that most national development plans in Southeast Asian countries feature skills-related priorities. All countries recognise the importance of skills policies in equipping individuals with the skills to meet the evolving demands in the labour market and society due to megatrends. In a few cases – notably Cambodia, Lao PDR, Myanmar and Viet Nam – skills constitute a standalone objective within their national development plan.

**Table 5.3. Skills as a priority in Southeast Asian countries' development plans**

Country	Title of national development plan	Skills-relevant priorities
Brunei Darussalam	National Vision Wawasan Brunei 2035	To make Brunei Darussalam a nation widely recognised for its well-educated and highly skilled people, measured by international standards
Cambodia	The National Strategic Development Plan 2019-2023	To improve the quality of education, science and technology, and vocational training
Indonesia	Long-term National Development Plan of 2005 to 2025	To improve the inclusion and accessibility of education
Lao PDR	Five-Year National Socioeconomic Development Plan 2021-2025	To improve workforce skills and productivity and organising a systematic labour market database
Malaysia	Twelfth Malaysia Plan 2021-2025: A Prosperous, Inclusive, Sustainable Malaysia	To enhance the talent and skills required to drive both the digital economy and the 4th Industrial Revolution
Myanmar	Myanmar Sustainable Development Plan 2018-2030	To develop human resources and social development for a 21st Century Society



Country	Title of national development plan	Skills-relevant priorities
Philippines	Philippine Development Plan 2017-2022	To ensure lifelong learning opportunities for all and provide all citizens with the 21st-century skills necessary to engage in meaningful and rewarding employment
Singapore	Next Bound of SkillsFuture	To enable individuals to continue learning, enhance the role of enterprises in developing their workforce, and have a special focus on mid-career workers to help them stay employable and move to new jobs or new roles
Thailand	The Twelfth National Economic and Social Development Plan 2017-2021	To increase knowledge and skills for the 21st century
Viet Nam	Five-Year Socio-Economic Development Plan 2021-2025	To improve the quality of human resources together with promoting innovation, application and robust development of science and technology

Note: Information on Singapore's Development Plan was not available. Thailand's Twelfth Development Plan ended in 2021, and a newer plan was not available.

Source: Government of Brunei Darussalam (2018<sup>[41]</sup>), *National Vision Wawasan Brunei 2035*, [www.gov.bn/SitePages/Wawasan%20Brunei%202035.aspx](http://www.gov.bn/SitePages/Wawasan%20Brunei%202035.aspx); Ministry of Planning (2019<sup>[42]</sup>), *The National Strategic Development Plan (NSDP)*, [www.mop.gov.kh/DocumentEN/NSDP%202019-2023%20in%20English.pdf](http://www.mop.gov.kh/DocumentEN/NSDP%202019-2023%20in%20English.pdf); Government of Malaysia (2021<sup>[43]</sup>), *Twelfth Malaysia Plan 2021-2025: A Prosperous, Inclusive, Sustainable Malaysia*, <https://rmke12.epu.gov.my/en>; Philippine National Economic Development Authority (2021<sup>[44]</sup>), *Updated Philippine Development Plan 2017-2022*, <https://rmke12.epu.gov.my/en>; <https://pdp.neda.gov.ph/updated-pdp-2017-2022/>; Office of the National Economic and Social Development Board (2022<sup>[45]</sup>), *The Twelfth National Economic and Social Development Plan 2017-2021*, [www.nesdc.go.th/ewt\\_dl\\_link.php?nid=9640](http://www.nesdc.go.th/ewt_dl_link.php?nid=9640); SkillsFuture Singapore (2023<sup>[46]</sup>), *The Next Bound of SkillsFuture*, [www.skillsfuture.gov.sg/nextbound](http://www.skillsfuture.gov.sg/nextbound).

Besides national development plans, skills-specific policy documents can also foster horizontal co-ordination. Table 5.4 provides an overview of Southeast Asian countries' main strategic policy documents covering skills development and use. These documents describe governments' commitments to achieving certain skills objectives by outlining concrete policy initiatives, identifying resources and mapping all relevant actors involved. The relevant actors include representatives from multiple ministries. However, while most skills-related policy documents in Southeast Asian countries list the relevant actors involved, responsibilities and modalities for engagement are generally not specified, and actors usually agree on their roles only during the policy implementation stage. Thus, there remain opportunities for countries in the region to identify the specific contributions of each actor across relevant ministries and designate co-ordination mechanisms (such as those discussed earlier) that allow them to work with one another and pursue common objectives.

**Table 5.4. Horizontal co-ordination in Southeast Asian countries' key policy documents**

Country	Skills policy document	Description of skills-related objectives	Main governance body in charge	Reference to horizontal co-ordination
Brunei Darussalam	Education Strategic Plan 2018-2022	To improve government-wide human resource planning and the execution of a government-wide human resource development strategy	Ministry of Education	To co-ordinate with all relevant ministries and government agencies
Cambodia	National Technical Vocational Education and Training Policy 2017-2025	To improve the quality of TVET in line with national and international standards, increase equitable access to TVET to support employment, and improve the governance of the TVET system (e.g. strengthening of labour market forecasts and the assessment of skills needs)	Ministry of Labour and Vocational Training	To strengthen the National Training Board in co-ordination with other ministries (e.g. Education, Youth and Sport; Planning; Tourism; Economy and Finance) and other relevant institutions

Country	Skills policy document	Description of skills-related objectives	Main governance body in charge	Reference to horizontal co-ordination
Malaysia	National Skills Development Act 2006	To manage and approve national occupational skills standards, as well as to advise the minister on skills-related concerns	National Skills Development Council	To manage co-operation with the Economic Planning Unit of the Prime Minister's Department, the Public Services Department, as well as other ministries (e.g. Education; Higher Education; Human Resources; Youth and Sports; Entrepreneur Development and Cooperative; Agriculture and Food Industries; Public Works)
Myanmar	Employment and Skill Development Law 2013	To manage employment and skill development issues throughout the country (e.g. creation of employment opportunities, reduction of unemployment, skills development among workers)	Ministry of Labour, Employment and Social Security	To form and co-ordinate skills development bodies comprised of relevant ministries and departments, chambers, technical associations, employer and employee federations
Philippines	National Technical Education and Skills Development Plan 2018-2022	To create an enabling environment for the development and delivery of high-quality TVET, especially among disadvantaged groups, based on the objectives of the Philippine Development Plan and the Labour and Employment Plan	NTESDP Inter-Agency Committee, Technical Education and Skills Development Authority (TESDA)	To improve inter-agency co-ordination with the Department of Education, as well as with other relevant departments (e.g. Agriculture; Agrarian Reform; Trade and Industry; Labour and Employment; Science and Technology; Social Work and Development, among many others)
Thailand	Skills Development Promotion Act	To provide advice to the minister regarding skills development activities (including the creation of national skill standards) and the management of the Skills Development Fund	Department of Skill Development	To co-ordinate across ministries (e.g. Labour and Social Welfare; Finance, Science, Technology and Environment; Education; Industry), agencies (e.g. Budget Bureau; Board of Investment; Tourism Authority of Thailand) and stakeholders.

Source: Brunei Darussalam Ministry of Education (2018<sup>[47]</sup>), *Ministry of Education Strategic Plan 2018-2022*, [www.moe.gov.bn/DocumentDownloads/Strategic%20Plan%20Book%202018-2022/Strategic%20plan%202018-2022.pdf](http://www.moe.gov.bn/DocumentDownloads/Strategic%20Plan%20Book%202018-2022/Strategic%20plan%202018-2022.pdf); Government of Cambodia (2017<sup>[48]</sup>), *National Technical Vocational Education and Training Policy 2017-2025*, [http://tvetsdp.ntb.gov.kh/wp-content/uploads/2018/02/NTVET-Policy-2017-2025.ENG\\_.pdf](http://tvetsdp.ntb.gov.kh/wp-content/uploads/2018/02/NTVET-Policy-2017-2025.ENG_.pdf); Malaysia Commissioner of Law Revision (2006<sup>[49]</sup>), *National Skills Development Act of 2006*, [www.ilo.org/dyn/natlex/docs/ELECTRONIC/95630/112654/F-998717512/MYS95630.pdf](http://www.ilo.org/dyn/natlex/docs/ELECTRONIC/95630/112654/F-998717512/MYS95630.pdf); Myanmar Law Information System (2013<sup>[50]</sup>), *The Employment and Skill Development Law*, [www.mlis.gov.mm/mLsView.do;jsessionid=529614ABDABC2CFD2FA642396B7C6425?lawordSn=7822](http://www.mlis.gov.mm/mLsView.do;jsessionid=529614ABDABC2CFD2FA642396B7C6425?lawordSn=7822); TESDA (2018<sup>[51]</sup>), *National Technical Education and Skills Development Plan (NTESDP) 2018-2022*, [www.tesda.gov.ph/About/TESDA/47](http://www.tesda.gov.ph/About/TESDA/47); Thailand Department of Skill Development (2002<sup>[52]</sup>), *Skill Development Promotion Act (B.E. 2545 (A.D.2002))*, <https://ilo.org/dyn/natlex/docs/ELECTRONIC/82881/128497/F-833541087/THA82881%20Eng2.pdf>.

The process of developing strategic documents, such as national development plans and skills-specific policy documents, affects how engaged relevant ministries are. The process of developing strategic documents needs to include all relevant ministries from their inception, throughout their development and implementation, as well as their evaluation. When relevant ministries are fully engaged and have sufficient opportunities to provide input and contribute, they have greater ownership of the final document and hence greater commitment to implementing the tasks laid out in the document. These engagement efforts are particularly important when one ministry is leading the drafting process of the plan. When Latvia developed its Education Guidelines 2021-2027, it established a national project team with representatives from all relevant ministries to facilitate the process of determining what the Education Guidelines should contain, who should be responsible for what, how relevant actors would co-ordinate with one another and what the key indicators would be used for measuring progress (Box 5.1) (OECD, 2020<sup>[53]</sup>).

### Box 5.1. Country examples relevant to strengthening horizontal co-ordination

#### Australian Industry and Skills Committee (AISC) Emergency Response Sub-Committee

As part of the Australian government's response to the COVID-19 pandemic, the former Council of Australian Governments Skills Council established the AISC Emergency Response Sub-Committee in April 2020. The sub-committee consisted of the chair and members of the AISC, as well as representatives from the Australian Council of Trade Unions and the Australian Skills Quality Authority. The sub-committee was established with the objective of "driving rapid and flexible development of training packages during the COVID-19 crisis". The success of the sub-committee was based on several factors: the clearly defined function of the sub-committee, with focused roles and responsibilities; direct communication with actors and the organisation of regular meetings, which supported better environmental scanning and more rapid detection of issues and solutions by the sub-committee; a small group of experts who supported rapid but well-informed decision making; and streamlined training product processes.

#### Korea's Social Affairs Ministers' Committee (SAMC)

The SAMC was established to promote horizontal co-ordination across nine ministries on a variety of social policies, including those related to skills. The committee is chaired by the Minister of Education and includes senior representatives from the different ministries. The ministerial meetings of the SAMC are held twice a month to co-ordinate social policies, assess the achievements of each ministry and consider specific policy actions. Participating ministries can propose topics for the agenda to be put to a vote, which takes place two or three times a year. Examples of skills policies that the SAMC has discussed include measures to innovate in open and lifelong education and training, and measures related to adult learning in higher education. The SAMC has smaller working groups that monitor the implementation of decisions. A dedicated team of 18 members within the Ministry of Education's Social Policy Cooperation Bureau support the work of the SAMC.

#### Latvia's Education Development Guidelines 2021-2027

The formulation of Latvia's Education Development Guidelines (EDG) 2021-2027 was based upon a whole-of-government approach involving all relevant ministries and levels of government, as well as a whole-of-society approach with all relevant stakeholders. One of the important enabling factors that supported the initiative's success was the establishment of an inter-ministerial team led by the Ministry of Education and Science and composed of all relevant ministries. This inter-ministerial team served as a focal point for organising meetings and consultations with government and stakeholder representatives. A series of workshops were conducted to convene representatives from different ministries and experts outside of government to gather their insights on which policy priorities should be outlined in the EDG, the roles and responsibilities of each actor, concrete actions and indicators to measure progress.

Source: Australian Ministers of the Education, Skills and Employment Portfolio (2020<sub>[54]</sub>), *Fast-tracking training and skills during COVID-19*, <https://ministers.dese.gov.au/cash/fast-tracking-training-and-skills-during-covid-19>; Council of Australian Governments Skills Council (2020<sub>[55]</sub>), *COAG Skills Council Communiqué: April 2020*, [www.dese.gov.au/skills-commonwealthstate-relations/resources/coag-skills-council-communicue-april-2020](http://www.dese.gov.au/skills-commonwealthstate-relations/resources/coag-skills-council-communicue-april-2020); OECD Consultations with the Australian Government Department of Education, Skills and Employment; OECD (2021<sub>[10]</sub>), *OECD Skills Strategy Implementation Guidance for Korea: Strengthening the Governance of Adult Learning*, <https://doi.org/10.1787/f19a4560-en>; OECD (2020<sub>[53]</sub>), *OECD Skills Strategy Implementation Guidance for Latvia*, <https://doi.org/10.1787/ebc98a53-en>.

### Recommendations for strengthening horizontal co-ordination

- **Support skills-related inter-ministerial governance bodies in their engagement of all relevant ministries.** The mandates, scope and composition of bodies should be clarified and co-ordinated relative to each other to minimise unnecessary overlap, confusion and ineffective co-ordination. Each body should have clear terms of reference specifying the roles and responsibilities. These terms should be based on the specific body's mandate, capacity and expertise. To raise the effectiveness of and ensure continuity between governance body meetings, members of the body could form smaller working groups on specific issues, brief new members, discuss relevant issues in advance, prepare input for the main meetings, document the outcomes of the meetings and follow up on specific decisions. Each body should have sufficient financial and human resources so that all related administrative tasks and logistical arrangements of the governance bodies can be covered.
- **Promote a shared skills goal among relevant ministries through strategic documents, such as national development plans and skills-related policy documents.** Strategic documents should provide an overarching vision for skills outcomes that all relevant ministries share and can contribute to. The strategic documents should require relevant ministries to co-ordinate with one another in implementing skills policies. The process of developing these strategic documents should include all relevant ministries from their inception, throughout their development and implementation, as well as their evaluation. When relevant ministries are fully engaged and have sufficient opportunities to provide input and contribute, they have greater ownership of the final document and hence greater commitment to implementing the tasks laid out in the document. These engagement efforts are particularly important when one ministry is leading the drafting process of the plan.

### *Strengthening vertical co-ordination*

Vertical co-ordination contributes to effective skills governance in multiple ways. Vertical co-ordination mechanisms bring together national and subnational levels to support joint policy decision making, implementation and management of skills policies across levels of government, which provides two main benefits. First, vertical co-ordination improves coherence across levels of government while promoting a more efficient system (OECD, 2020<sup>[2]</sup>). Resources allocated through a vertical co-ordination approach are usually used more efficiently given that roles, responsibilities and objectives are expected to be more harmonised and agreed upon with a broader range of government actors. Second, effective communication between national and subnational levels enables a more co-ordinated implementation of policies allowing the national level to take rapid action on arising needs at the subnational level and target specific challenges more effectively.

In recent years, Southeast Asian countries have begun to increasingly decentralise by providing subnational governments with greater authority to make skills policy decisions (Park and Kim, 2020<sup>[56]</sup>). Cambodia, Indonesia, Malaysia, the Philippines, Thailand and Viet Nam have all begun to delegate greater responsibility for skills policy to subnational governments, and, in particular, those relating to the provision of education and training (ASEAN, 2013<sup>[57]</sup>; Bodewig and Badiani-Magnusson, 2014<sup>[58]</sup>; Nor, Hamzah and Razak, 2019<sup>[59]</sup>). For example, Thailand's National Education Act of 1999 mandated the decentralisation of education administration and the delegation of management responsibilities to subnational education committees (Thailand Office of the Prime Minister, 1999<sup>[60]</sup>). Similarly, Indonesia reformed its Law 23/2014 on Local Government to delegate authority to subnational governments, such as provincial, district and city governments. Cambodia's ongoing Education Strategic Plan 2019-2023 intends to strengthen the autonomy of subnational levels and education institutions (Ministry of Education, Youth and Sport, 2019<sup>[61]</sup>).

However, with a shift towards more decentralised skills systems in Southeast Asian countries, new co-ordination challenges have emerged. Decentralisation efforts have provided subnational governments with increased responsibilities for skills policy implementation. However, in many cases, this has not been matched with the provision of additional capacity or financial resources (ILO, 2015<sup>[62]</sup>). As a result, decentralisation efforts have often led to disparities in the implementation of skills policies in distinct subnational regions of the same country. These include difficulties in evenly applying national education quality standards, effectively managing skills development institutions, and providing quality training to educators throughout the whole country (ASEAN, 2013<sup>[57]</sup>; ILO, 2015<sup>[62]</sup>; Martinez-Fernandez and Powell, 2010<sup>[63]</sup>).

These challenges could be addressed through greater collaboration and support to subnational levels facilitated through vertical co-ordination mechanisms. First, vertical co-ordination mechanisms enhance clarity regarding the respective roles and responsibilities of national and subnational actors; second, vertical co-ordination mechanisms facilitate the allocation of resources that match the responsibilities assigned to subnational governments; third, through vertical co-ordination mechanisms, the national government can support the human, institutional and strategic capacity of subnational governments; fourth, vertical co-ordination mechanisms support flexibility and adaptability to respond effectively to varying skills needs across subnational governments; finally, vertical co-ordination mechanisms provide a dialogue platform where all involved are considered on equal terms (Allain-Dupré, 2018<sup>[64]</sup>). For the specific needs of Southeast Asian countries in transition to decentralisation, vertical co-ordination mechanisms could help even out differences in institutional capacity across levels of government and make the development and implementation of skills policies more efficient and equitable throughout the country.

Vertical co-ordination mechanisms come in different forms. Vertical co-ordination mechanisms can be formal bodies, working groups and ad hoc meetings. Formal bodies, such as those described in the previous section, can, while strengthening horizontal co-ordination, promote vertical co-ordination as well. Subnational levels are more commonly involved through working groups, often established to address specific skills issues (OECD, 2020<sup>[21]</sup>). Working groups are established through a top-down approach, where the national government identifies stakeholders at a subnational level working in each thematic area (for example, the inclusion of people with disabilities in training); these are established through agreements such as Memorandum of Understandings and guided by specific terms of reference. Working groups regularly convene to discuss and monitor the implementation of jointly identified solutions (in the example of a working group on disability inclusion, they could meet to discuss the accessibility challenges in schools and identify measures to ensure appropriate premises). Another form of vertical co-ordination involves the organisation of ad hoc meetings with representatives from various levels of government who participate in policy development voluntarily and per their areas of interest. These provide more accessible opportunities for dialogue and trust building, helping build more permanent networks over time (Charbit and Michalun, 2009<sup>[40]</sup>).

Finally, international forums can empower subnational governments' capacity to participate in national-level policy development forums more actively. For example, the World Organization of United Cities and Local Governments (UCLG) brings together local and regional governments to amplify their global voices through collaboration, dialogue, co-operation and knowledge sharing (World Organization of United Cities and Local Governments, 2021<sup>[65]</sup>). The organisation also promotes e-learning and organises forums where mayors can engage at a regional level to discuss issues pertinent to their capacity. Other similar forums are the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) Forum of Mayors, which advocates for local governments' indispensable roles and contributions to the ASEAN and global development, as well as the Asia Mayors Forum, which shares similar knowledge-sharing principles (UN ESCAP, 2019<sup>[66]</sup>).

## Recommendations for strengthening vertical co-ordination

- **Support subnational governments in implementing skills policies by providing additional human and financial resources and capacity-building support.** Through these various mechanisms, best practices and insights can be shared vertically between subnational and national governments and horizontally across subnational governments. The co-ordination mechanisms should clearly define the respective roles and responsibilities of national and subnational actors and ensure that the allocation of resources matches the responsibilities assigned to subnational governments. When there are capacity constraints in subnational governments, additional human and financial resources should be provided to them, so that they can effectively engage in these mechanisms and follow through with any decisions made through them. Subnational governments could also benefit from their participation in international forums such as the UCLG, which hosts a learning platform to increase the capacity of subnational governments.

### ***Opportunity 2: Promoting a whole-of-society approach***

Skills policies in Southeast Asia can benefit from a whole-of-society approach in many ways. Global megatrends and disruptive challenges, such as the COVID-19 pandemic, cannot be dealt with by governments alone, highlighting the need for strong engagement with key actors in the labour market and civil society when developing and implementing skills policies (OECD, 2019<sup>[6]</sup>). Engagement with these actors through social dialogue and co-ordinated action improves the responsiveness of skills policies to the needs of vulnerable groups in Southeast Asia, ensures alignment between skills development and labour market needs, and enables a more sustainable and forward-looking skills system.

Promoting a whole-of-society approach in Southeast Asia involves engaging a wide variety of labour market and civil society actors. In the labour market, these actors include employers and workers and the organisations that represent them, such as employer associations, trade unions and skills sectoral councils. In civil society, these actors include non-governmental and non-commercial institutions, such as NGOs representing vulnerable groups such as women, youth and migrants (OECD, 2019<sup>[6]</sup>). Across Southeast Asia, the participation of these actors in skills policies depends on various factors, such as the countries' legislations, governance bodies and engagement approaches, highlighting the need for a clear governance framework on how to engage with them. In line with this, Opportunity 2 explores two policy directions for promoting a whole-of-society approach to skills policies: first, identifying and engaging relevant labour market actors; and second, identifying and engaging civil society actors.

#### *Identifying and engaging relevant labour market actors*

Employer organisations play a central role in strengthening skills systems in Southeast Asia, both at the regional and country levels. At the regional level, the Confederation of Asia-Pacific Employers (CAPE), which consists of 21 member countries (CAPE, 2020<sup>[67]</sup>), and the ASEAN Confederation of Employers, which consists of 7 member countries (ACE, 2020<sup>[68]</sup>), are active in strengthening the regional competitiveness of Southeast Asian employers and ensuring the sustainability of firms in the face of megatrends. Nearly half (45.5%) of employer organisations that form part of CAPE see issues relating to skills, education and training as part of their mandate (CAPE, IOE and ILO, 2017<sup>[69]</sup>). At the country level, all ten ASEAN member states have established organisations that represent the interests of a wide range of employers (Table 5.5). While these organisations represent a wide range of employer types, from self-employed individuals to multinational enterprises, the level of representation has been generally limited by high levels of informality throughout the region (ILO, 2015<sup>[62]</sup>).

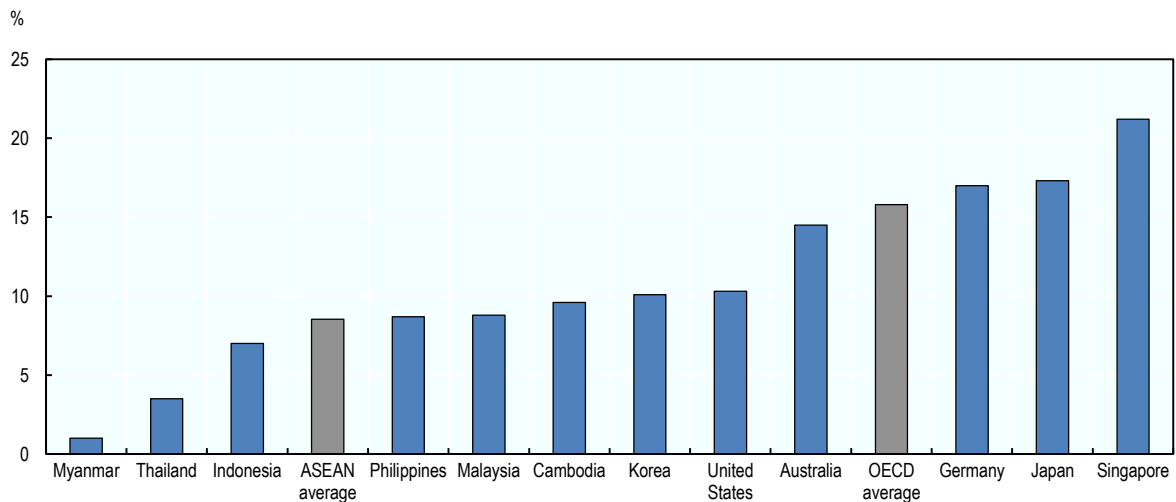
**Table 5.5. Representation of employers in Southeast Asia**

Country	Examples of employer organisations	Approximate number of employers/members represented
Brunei Darussalam	National Chamber of Commerce and Industry	1 300
Cambodia	Cambodian Federation of Employers and Business Associations	2 000
Indonesia	Employers' Association of Indonesia	5 000
Lao PDR	Lao National Chamber of Commerce and Industry	4 000
Malaysia	Malaysian Employers Federation	No information available
Myanmar	Myanmar Federation of Chambers of Commerce and Industry	30 000
Philippines	Employers Confederation of the Philippines	600
Singapore	Singapore National Employers Federation	3 350
Thailand	Employers' Confederation of Thailand	No information available
Viet Nam	Viet Nam Chamber of Commerce and Industry	No information available

Source: ACE (2020<sup>[68]</sup>), *Members of the ASEAN Confederation of Employers*, [http://aseanemployers.com/ace\\_website/members-of-the-asean-confederation-of-employers/](http://aseanemployers.com/ace_website/members-of-the-asean-confederation-of-employers/); DECP (2021<sup>[70]</sup>), *ECOP: Employers' Confederation of the Philippines*, [www.decp.nl/partners/ecop-employers-confederation-of-the-philippines-3989](http://www.decp.nl/partners/ecop-employers-confederation-of-the-philippines-3989); ILO (2022<sup>[71]</sup>), *Indonesia: Employers' Organization*, [www.ilo.org/jakarta/info/WCMS\\_421178/lang-en/index.htm](http://www.ilo.org/jakarta/info/WCMS_421178/lang-en/index.htm); World Economic Forum (2022<sup>[72]</sup>), *Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)*, [www.weforum.org/organizations/union-of-myanmar-federation-of-chambers-of-commerce-and-industry-umfccj](http://www.weforum.org/organizations/union-of-myanmar-federation-of-chambers-of-commerce-and-industry-umfccj).

**Figure 5.6. Trade union density in Southeast Asian countries and selected OECD countries, 2016**

Percentage of employees who are members of a union



Note: Trade union density is defined as the proportion of employees who are members of a union relative to the total number of employees. This indicator thus does not include workers or labour market participants who are not in paid employment (self-employed, unemployed, unpaid work, retired, etc.). Due to a lack of data, different years were used for the following: Cambodia and Indonesia (2012), the Philippines (2014), Myanmar, Singapore and Korea (2015). Values for ASEAN countries and comparison countries (Australia, Germany, Japan, Korea and the United States) were taken from ILOSTAT, while the value for the OECD average was taken from OECD.stat.

Source: ILOSTAT (2020<sup>[73]</sup>), *Trade union density rate (%) | Annual*, <https://ilostat.ilo.org/topics/union-membership/>; OECD (2020<sup>[74]</sup>), *Trade Union Dataset*, <https://stats.oecd.org/Index.aspx?DataSetCode=TUD>.

In addition to employer organisations, trade unions represent workers in the region; however, membership represents a relatively small share of the ASEAN workforce. As shown in Figure 5.6, trade union density, defined as the share of salaried workers that are trade union members, is low overall in Southeast Asia, averaging at only 8.5%, significantly lower than the OECD average (15.8%). There is also considerable variation in trade union density among ASEAN countries, ranging from 21.2% in Singapore – higher than the OECD average – to low rates in Myanmar (1%), Thailand (3.5%) and Indonesia (7%). This means that a relatively low share of workers in most Southeast Asian countries is formally represented to bargain with employers for better protection of their rights in the workplace, to participate in skills initiatives offered by trade unions, and to inform the development of skills policies by government.

One factor explaining low trade union participation is the lack of a strong social dialogue on labour market matters. Social dialogue traditions, including negotiations, consultations and exchange of information among representatives of governments, employers and workers concerning common issues relating to economic and social policy (ILO, 2017<sup>[75]</sup>), are still relatively recent in the region. Trade unions emerged in the region only at the start of the 1900s, with the first trade unions gaining traction in the Philippines, while many other countries, such as Cambodia, Lao PDR and Viet Nam, only starting in the 1940s. Over 70 years after the launch of the Freedom of Association and Protection of the Right to Organise Convention of 1948, only five Southeast Asian countries have ratified the convention so far (Bosma, 2020<sup>[76]</sup>). According to stakeholder consultations, trade unions in the region remain highly fragmented at present. Many trade union organisers face strong hostility from employers and, in some cases, arbitrary arrest and imprisonment by governments. The antagonistic environment for organised labour deters workers from actively participating in trade unions or employee federations, even if skills governance mechanisms are present in countries.

Another major factor explaining low employer and trade union representation in Southeast Asia is the high level of informality in the region. Throughout Southeast Asia, over 70% of all employment is informal (see Chapter 4). Employers and workers in informal employment relationships do not usually participate in formal organisations such as employer confederations and trade unions. In some cases, they do not wish to be identified for fear of their obligations (i.e. formalisation and taxation). As a result, informal workers often go unobserved, making it difficult for formal governance bodies to determine their characteristics, labour market outcomes, challenges and skills needs (USAID, 2013<sup>[77]</sup>) and to include them.

In addition to a high level of informality, the prevalence of temporary work also inhibits workers' participation in trade unions in Southeast Asia. Definitive statistics on these types of working arrangements are difficult to come across in the region, although estimates show that temporary work ranges from 30.7% of all total employment in Viet Nam to 53.2% in the Philippines (ILO, 2016<sup>[78]</sup>). Throughout the region, workers are being hired by firms on a temporary contract basis to significantly cut recruitment costs, resulting in a lack of job security among workers and the withholding of employee benefits, including social security and opportunities for training and further skills development (ILO, 2016<sup>[78]</sup>). According to stakeholder consultations, workers in these temporary working arrangements are not readily organisable in Southeast Asia since many fear that joining a trade union could be regarded unfavourably by their current employer and lead to a loss of employment.

Despite the low levels of employer and worker representation in Southeast Asia, there is still a critical need to engage these actors due to the value they bring to skills policies. Employers have important insights for governments about the needs in Southeast Asian labour markets, helping ensure that skills policies are demand-driven and relevant. Employers have perspectives on current and future skills needs in their respective firms and industries, which is a valuable source of information on labour market trends. Such information can help governments build flexible, forward-looking skills systems while implementing national development strategies (OECD, 2019<sup>[6]</sup>). Additionally, workers, through the trade unions that represent them, possess equally important information that could inform skills policies. As direct users and beneficiaries of skills systems, workers have relevant perspectives about workplace conditions, gaps between educational outcomes and labour market needs, real-time reskilling and upskilling requirements,



and the quality and relevance of existing training offers, among others. Trade unions can represent workers' needs and advocate for the protection of vulnerable workers in the region, such as women, youth, and migrants, who are often employed in precarious working conditions. Engagement with trade unions promotes inclusion, facilitates social dialogue regarding a wide variety of labour issues, and increases the ability of skills initiatives to reflect the actual needs of workers (OECD, 2019<sup>[6]</sup>).

Engaging employers and trade union representatives in skills policies can be done through a variety of mechanisms. In some countries in Southeast Asia, such mechanisms are already in place, or there are plans underway to establish concrete measures to consult with various stakeholders and foster a whole-of-society approach to skills policies (Table 5.6). In all these mechanisms, countries need to specify the role of employers and workers and facilitate social dialogue at multiple levels (e.g. international, national, subnational, sectoral and firm). This policy direction presents an in-depth examination of two areas that are central to the process of identifying and engaging labour market actors in Southeast Asia: 1) through the formulation of legal frameworks; and 2) through the establishment of governance bodies.

**Table 5.6. Measures in place to foster a whole-of-society approach to skills policies in Southeast Asian countries**

Different measures for a whole-of-society approach	Cambodia	Malaysia	Myanmar	Singapore	Thailand
Establishing public-private partnerships between industry and skills development institutions	X	X	O		X
Having a formal engagement body	X	X	O	X	O
Having a public-private partnership unit in the government to support stakeholder engagement	X	X			O
Having a strategy including clear responsibilities for civil society actors					X
Having town-hall meetings for stakeholders to provide their insights	X	X		X	O
Informing stakeholders through a public information system	X	X		X	O
Organising policy dialogues involving stakeholders	X	X	X		X
Organising subnational activities to reach out to local community groups	X	X		X	X
Using an online platform for consultations and stakeholder engagement	X	X			O

Note: X indicates that governments have existing policies in place, while O indicates that such policies are being planned.

Source: OECD (2021<sup>[79]</sup>), *OECD Skills Strategy Southeast Asia Policy Questionnaire*.

### Strengthening engagement of labour market actors through legal frameworks

As Southeast Asian countries prioritise skills policies in their national agendas, legal reforms are essential to strengthen the engagement of labour market actors. A strong legal framework that supports the meaningful engagement of both employers and workers serves as a pre-condition for developing lasting partnerships between government and labour market actors in skills policies. A strong framework includes the recognition of the right to freedom of association at the constitutional level and the ratification of international conventions that signal countries' commitments to international labour standards. Southeast Asian countries must also ensure that sections of their labour codes are devoted to collective bargaining contracts and agreements (including those related to skills issues, e.g. training) and that there are specific laws that facilitate the creation – and, more importantly, protection – of employers' and workers' organisations (ILO, 2005<sup>[80]</sup>). Strong legal frameworks have helped keep trade union traditions strong in OECD countries, such as Iceland, and have been successful in not only negotiating agreements between unions and employers but also in protecting the most vulnerable workers during times of crises (Box 5.2).

A starting point in strengthening the legal framework in some Southeast Asian countries is the signing of recognition agreements. A recognition agreement is a formal agreement that provides a framework for industrial relations and sets out the rules and procedures that employers and unions should follow in representing their interests, carrying out consultations and participating in collective bargaining (UNISON, 2016<sup>[81]</sup>). Such agreements formally recognise each other as bargaining representatives and determine the scope of issues, including those related to skills and training, to be discussed (ILO, 2015<sup>[82]</sup>). The lack of recognition agreements across Southeast Asian countries explains the generally low collective bargaining coverage rates throughout the region and the practical absence in some countries, such as Malaysia and the Philippines (Figure 5.2).

There is also significant room for Southeast Asian countries to formally recognise in their legislation the role that various labour market actors play in skills policies. Myanmar, Thailand and Viet Nam do not yet clearly stipulate the role of employers in providing training, although initial steps are being made to reflect this in their skills legislation. For instance, Viet Nam initiated a reform of its Labour Code in 2018, intending to introduce a more comprehensive definition of apprenticeships and specify the roles of employers and apprentices. Other Southeast Asian countries have legislations that recognise the role of labour market actors in skills policies. For instance, in Lao PDR, Article 28 of the Labour Law specifies that employers have an obligation to provide training to workers (ILO, 2019<sup>[83]</sup>). Article 12 of the TVET Law recognises dual-co-operative training, wherein companies bear some training costs and play an active role in training management, as one of three skills development approaches in the TVET system (GIZ, 2021<sup>[84]</sup>).<sup>2</sup> In the Philippines, the National Apprenticeship Act of 1057 specifies the roles of employers in training (Republic of the Philippines, 1957<sup>[85]</sup>). When the roles and responsibilities of labour market actors in skills policies are clearly defined on a legal basis, this provides clear parameters for identifying areas for collaboration and developing partnerships.

### Strengthening engagement of labour market actors through governance bodies

Besides legal frameworks, governance bodies can play an important role in engaging labour market actors in skills policies. Governance bodies serve a wide variety of functions, including facilitating a platform for employers and workers to engage with one another and with the government, allowing labour market actors to provide advisory services to policy makers, and monitoring the implementation of agreements between labour market actors. Such governance bodies differ in terms of which types of actors are involved and whether they are based on a specific sector or are overarching (Table 5.7).

**Table 5.7. Bodies enabling the participation of employers and trade unions in skills policies**

	Permanent oversight bodies	Bodies governing the implementation of multi-sector collective agreements	Bodies governing the implementation of tripartite training strategies	Sectoral skills councils
<b>Description</b>	Independent tripartite bodies that oversee skills policies, such as vocational training, apprenticeships or education	Bodies that govern and monitor the implementation of legal agreements covering skills-related issues	Bodies that govern and monitor training strategies implemented by government, employers and unions	Tripartite sectoral skills councils supporting the negotiation of skills-related issues at the sectoral level
<b>Examples</b>	Malaysia (Department of Skills Development), Myanmar (National Skills Standards Authority)	Australia (Jobs and Skills Australia, formerly the National Skills Commission)	Norway (Skills Policy Council)	Viet Nam (Sectoral Skills Council in Agriculture)

Source: Adapted from Australian National Skills Commission (2020<sup>[86]</sup>), *About us*, [www.nationalskillscommission.gov.au/about](http://www.nationalskillscommission.gov.au/about); Bridgford (2017<sup>[87]</sup>), *Trade Union Involvement in Skills Development: An International Review*, [www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---ifp\\_skills/documents/publication/wcms\\_585697.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_585697.pdf); ILO (2020<sup>[88]</sup>), *Skills Development and Lifelong Learning: Resource Guide for Workers' Organizations*, [www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_761035.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_761035.pdf); OECD (2020<sup>[2]</sup>), *Strengthening the Governance of Skills Systems: Lessons from Six OECD Countries*, <https://doi.org/10.1787/3a4bb6ea-en>.

Southeast Asia is home to various country-level governance bodies that facilitate the participation of employer and worker organisations in skills policies. Within each country, employers and trade union representatives often participate in permanent oversight bodies, such as Malaysia's Department of Skills Development and Myanmar's National Skills Standards Authority. In addition to these, there are other effective ways in which employer and trade union representatives are involved in skills governance, such as through bodies that govern the implementation of multi-sector collective agreements or the implementation of tri-partite training strategies. Furthermore, employer-led skills sectoral councils (SSCs) have started to gain traction throughout the region and have successfully been piloted in Cambodia (Box 5.2), Thailand and Viet Nam (ILO, 2015<sup>[62]</sup>). SSCs allow employers to contribute to skills assessments, determine the range of available skills development activities (i.e. TVET, apprenticeships, internships) that have the most potential to spur job growth and productive employment, and support the creation of a skilled workforce that could help firms reduce recruitment costs and decrease staff turnover due to high employee satisfaction (UNDP, 2017<sup>[89]</sup>).

Regardless of the type of governance body, a body's effectiveness depends on various factors. Governance bodies need to have a clear mandate and well-defined responsibilities, so that all engaged actors know their roles and how they can contribute to the design and implementation of skills policies. The primary purpose of engaging labour market actors should not be to legitimise decisions and policies already decided beforehand. All relevant actors should be able to provide input to the agenda of governance meetings and promote bottom-up initiatives. For example, the German Alliance for Initial and Further Training allows engaged actors to develop and experiment with practical solutions to concrete problems in labour market placement services (Box 5.2). Furthermore, a fine balance is required in the number of actors engaged in such governance bodies. Having too many actors involved can make it difficult to have real deliberations during meetings. At the same time, it is important to ensure that economically less influential groups, such as informal and temporary workers, as mentioned earlier, also have a seat at a table. The governance bodies require a sufficiently high level of political support and enough financial resources, so that the decisions made by the bodies are carried out in practice. A well-functioning secretariat should prepare the governance bodies' meetings, document the meetings' main outcomes and implement and monitor the actions (OECD, 2020<sup>[2]</sup>).

Various governance bodies bring together employers and workers in Southeast Asia at the regional and international levels. For example, governance bodies such as the ASEAN Confederation of Employers and the ASEAN Trade Union Council have been established to allow employer and trade union representatives to collectively represent the interests of workers throughout the region in various ASEAN processes, such as contributing to discussions on skills policies in the ASEAN TVET Council (ASEAN Trade Union Council, 2017<sup>[90]</sup>; ASEAN Confederation of Employers, 2020<sup>[91]</sup>). Similarly, through the International Organisation of Employers and International Trade Union Confederation, trade unions can contribute to the adoption of recommendations on the improvement of the labour conditions of workers and trainees and promote the establishment of internationally competitive labour markets in Southeast Asia (International Organisation of Employers, 2022<sup>[92]</sup>; International Trade Union Confederation, 2022<sup>[93]</sup>). Furthermore, at the international level, international forums such as those convened by international organisations allow employers and trade union representatives in Southeast Asia to further express their perspectives on various skilling issues.

## Box 5.2. Country examples relevant to identifying and engaging labour market actors

### Cambodia's sectoral skills councils

Within the framework of the TVET Sector Development Programme, Cambodia has piloted the establishment of SSCs that link the skills development system with labour market needs by allowing industry representatives to provide advice on industry requirements, suggest timely responses to labour market trends and participate in the development of training programmes. SSCs were established in priority sectors, such as auto-mechanics, construction, electrical works and manufacturing. The government has secured the assistance of the Cambodian Federation of Employers and Business Association to facilitate the participation of representatives from a wide variety of sectors, with the aim of expanding the number of industries covered by SSCs.

### Germany's Alliance for Initial and Further Training

Germany's dual system of apprenticeship training is widely recognised as a successful model for the effective development of skills, as it provides many mechanisms for industry representatives to get involved in curriculum design, financing and training provision, among others. Numerous Pacts for Vocational Education and Training have been passed through the years, with the latest pact establishing the Alliance for Initial and Further Training. These pacts improve co-ordination across levels of government and with a wide range of stakeholders. The alliance includes senior government officials, which has helped raise skills policies in the government's agenda and create new solutions to co-ordination problems that long existed.

### Iceland's legal framework for engaging labour market actors

Iceland's legal framework for collective bargaining is strong at all legislation levels. Article 74 of the country's constitution enshrines people's right to independently form associations for any lawful purpose, including trade unions, without having to seek authorisation from the government. Collective bargaining in Iceland is also regulated through specific laws dedicated to trade unions, such as the Act on Trade Unions and Industrial Disputes No. 80/1938, which serves as the main collective labour legislation in the country. The law recognises trade unions as legal parties that may determine their members' wages and employment terms and sets out provisions on industrial disputes. Through the National Pact of 1990, trade unions, employer organisations and the government were able to work co-operatively on various policy measures to combat high inflation and economic instability and protect the lowest-paid workers during the country's frequent financial crises.

Source: Chan (2018<sup>[94]</sup>), *Labour Ministry and business association tackle skills gap*, [www.khmertimeskh.com/499724/labour-ministry-and-business-association-tackle-skills-gap/](http://www.khmertimeskh.com/499724/labour-ministry-and-business-association-tackle-skills-gap/); Pind (2019<sup>[95]</sup>), *Key concepts and changing labour relations in Iceland*, [www.fao.no/images/pub/2019/Nfow-wp6.pdf](http://www.fao.no/images/pub/2019/Nfow-wp6.pdf); OECD (2021<sup>[96]</sup>), *OECD Economic Surveys: Iceland 2017*, <https://doi.org/10.1787/19990308>; OECD (2020<sup>[2]</sup>), *Strengthening the Governance of Skills Systems: Lessons from Six OECD Countries*, <https://doi.org/10.1787/3a4bb6ea-en>; Sila (2017<sup>[97]</sup>), *Collective bargaining in Iceland: Sharing the spoils without spoiling the shares*, <https://oecdecoscope.blog/2017/07/07/collective-bargaining-in-iceland-sharing-the-spoils-without-spoiling-the-shares/>; ADB (2019<sup>[98]</sup>), *Sector Assessment (summary): Education (Technical and Vocational Education and Training)*, [www.adb.org/sites/default/files/linked-documents/50394-002-ssa.pdf](http://www.adb.org/sites/default/files/linked-documents/50394-002-ssa.pdf).

### Recommendations for identifying and engaging relevant labour market actors

- **Establish legal frameworks to strengthen engagement with actors in the labour market.** Since many countries in Southeast Asia do not have national legislation in place to formally recognise the importance of employers' organisations and trade unions and guide their corresponding roles in skills policies, adopting reforms to address this gap is crucial to building

effective long-term partnerships between governments, workers, trade unions and employers in skills policies. A starting point could be to facilitate recognition agreements, which are formal legal frameworks between employers and trade unions, and which would lay the foundation for consultations and negotiations on a variety of skills issues. Legal frameworks should also clearly define the respective roles and responsibilities of employers and workers in skills policies to facilitate identifying areas for collaboration and developing partnerships.

- **Strengthen the effectiveness of governance bodies engaging labour market actors.** Governance bodies should allow labour markets to provide input into the agenda of governance meetings and promote bottom-up initiatives. While having too many actors involved can make it difficult to have real deliberations during meetings, it is important to ensure that economically less influential groups, such as the large number of informal and temporary workers across Southeast Asian countries, also have a seat at a table. Governance bodies require a sufficiently high level of political support and enough financial resources, so that the decisions made by the bodies are carried out in practice. A well-functioning secretariat should prepare the governance bodies' meetings, document the meetings' main outcomes, and implement and monitor the actions. Labour market actors should also be actively engaged in skills policies through their representations at the regional level (e.g. ASEAN Confederation of Employers and ASEAN Trade Union Council) and the international level (e.g. International Organisation of Employers and International Trade Union Confederation).

#### *Identifying and engaging relevant civil society actors*

Promoting a whole-of-society approach to skills policies also entails the engagement of civil society. Civil society actors are diverse in Southeast Asia and active throughout a wide range of skills-related areas, such as education, employment, entrepreneurship, agriculture and environment, among others (Chong and Elies, 2011<sup>[99]</sup>). Due to the diversity of civil society actors, it is often challenging to identify them and know how to engage them in the design, development and evaluation of skills policies (OECD, 2019<sup>[6]</sup>). Southeast Asian countries' approaches are largely influenced by the demographics, political priorities at the national level and the willingness of countries to deliver with regard to their international commitments (UN ESCAP, 2014<sup>[100]</sup>).

Civil society actors representing disadvantaged groups, such as women, youth and migrants, play an important role in skills policies. Such actors can support governments in the implementation of skills policies. Many Southeast Asian governments have gaps in institutional capacity and funding, which inhibit their ability to singlehandedly deliver skills-related services (e.g. education and employment programmes) to their populations. In these cases, civil society actors have taken over, or strongly supplemented, the provision of skills services in geographical areas that governments do not, or fail to, reach. Actors, such as NGOs, community-based organisations and religious groups in Southeast Asia, for example, are active in providing lifelong learning opportunities outside of the formal schooling system, as well as securing livelihoods for many workers found in informal economies (Chong and Elies, 2011<sup>[99]</sup>; Weaver, 2006<sup>[101]</sup>).

Despite the important role that civil society actors play in representing disadvantaged groups in skills policies, only a few Southeast Asian countries formally recognise this in relevant policy documents. Table 5.8 presents key skills policy documents in the region and the wide range of actors engaged when adopting a whole-of-society approach to skills policies. While most Southeast Asian countries recognise the contributions of governments and labour market actors in these documents, only Brunei Darussalam, Malaysia and Myanmar specify specific roles to actors from civil society in skills-related policy documents. While formally recognising disadvantaged groups in skills policy documents is an important first step, more needs to be done to specifically engage disadvantaged groups in the skills policy-making process. This policy direction discusses three areas where relevant civil society actors could be engaged to foster a whole-of-society approach to skills policies: 1) women; 2) youth; and 3) migrants.

**Table 5.8. Civil society actors in Southeast Asian skills policies**

Country	Policy document	Actors with a designated role in the respective skills policy document					
		Inter-ministerial representatives	Subnational governments	Employer representatives	Employee representatives	Civil society actors	Skills providers and education institutions
Brunei Darussalam	Ministry of Education Strategic Plan 2018-2022	✓		✓		✓	✓
Cambodia	National Technical Vocational Education and Training Policy 2017-2025			✓			✓
Lao PDR	National Human Resource Development Strategy to 2025						
Malaysia	National Skills Development Act 2006	✓		✓		✓	✓
Myanmar	Employment and Skill Development Law 2013	✓	✓	✓		✓	
Philippines	National Technical Education and Skills Development Plan 2018-2022	✓	✓	✓			
Singapore	Industry Transformation Programme (2016-present)	✓		✓			✓
	SkillsFuture Skills Movement (2015-present)	✓		✓	✓	✓	✓
Thailand	Skills Development Promotion Act 2002	✓		✓	✓		
Viet Nam	Law on Employment 2019	✓		✓	✓		

Source: Brunei Darussalam Ministry of Education (2018<sup>[11]</sup>), *Ministry of Education Strategic Plan 2018-2022*, [www.moe.gov.bn/DocumentDownloads/Strategic%20Plan%20Book%202018-2022/Strategic%20plan%202018-2022.pdf](http://www.moe.gov.bn/DocumentDownloads/Strategic%20Plan%20Book%202018-2022/Strategic%20plan%202018-2022.pdf); Cambodia Ministry of Labour and Vocational Training (2017<sup>[12]</sup>), *National Technical Vocational Education and Training Policy 2017-2025*, <http://tvetdp.ntb.gov.kh/wp-content/uploads/2018/02/NTVET-Policy-2017-2025.ENG.pdf>; Malaysian Commissioner of Law Revision (2006<sup>[13]</sup>), *National Skills Development Act 2006*, [www.ilo.org/dyn/natlex/docs/ELECTRONIC/95630/112654/F-998717512/MYS95630.pdf](http://www.ilo.org/dyn/natlex/docs/ELECTRONIC/95630/112654/F-998717512/MYS95630.pdf); Myanmar Law Information System (2013<sup>[14]</sup>), *The Employment and Skill Development Law*, [www.mlis.gov.mm/mLsView.do;jsessionid=529614ABDABC2CFD2FA642396B7C6425?lawordSn=7822](http://www.mlis.gov.mm/mLsView.do;jsessionid=529614ABDABC2CFD2FA642396B7C6425?lawordSn=7822); Philippine Technical Education and Skills Development Authority (2018<sup>[15]</sup>), *National Technical Education and Skills Development Plan (NTESDP) 2018-2022*, [www.tesda.gov.ph/About/TESDA/47](http://www.tesda.gov.ph/About/TESDA/47); Singapore Ministry of Trade and Industry (2019<sup>[16]</sup>), *Industry Transformation Programme Overview*, [www.mti.gov.sg/ITMs/Overview](http://www.mti.gov.sg/ITMs/Overview); SkillsFuture Singapore (2023<sup>[46]</sup>), *The Next Bound of SkillsFuture*, [www.skillsfuture.gov.sg/nextbound](http://www.skillsfuture.gov.sg/nextbound); Thailand Department of Skill Development (2002<sup>[18]</sup>), *B.E. 2545 (A.D. 2002): Skill Development Promotion Act*, <https://ilo.org/dyn/natlex/docs/ELECTRONIC/82881/128497/F-833541087/THA82881%20Eng2.pdf>.

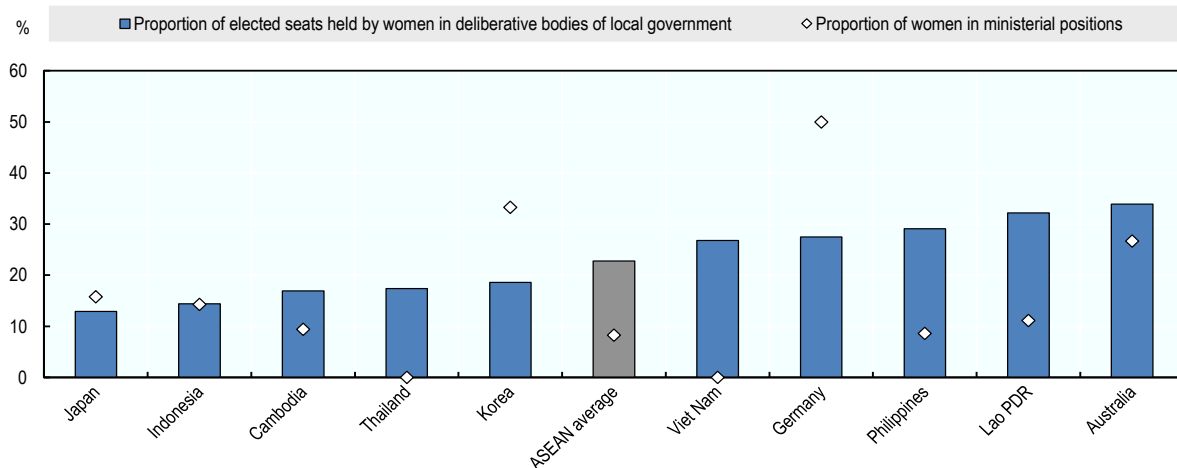
### Strengthening the engagement of women

Women's lack of representation in government affects their influence in the design of skills policies. On average, only 8% of ministerial positions across Southeast Asian countries are held by women, with several countries, such as Brunei Darussalam, Thailand and Viet Nam having no women ministers at all (Figure 5.7). The representation of women in government, however, improves at subnational levels, with an average of 22.8% of elected seats in deliberative bodies of local government being held by women across Southeast Asia. However, this is still lower than in baseline OECD countries, such as Australia (33.9%) and Germany (27.5%). The reduced presence of women representatives in government at national and subnational levels risks leaving out essential considerations in the design of skills policies, such as the gender differences in skills outcomes and choosing career pathways, as well as increased obstacles for women to participate fully in the labour market and access for further learning opportunities due to childbirth and family responsibilities (OECD, 2019<sup>[6]</sup>). Common barriers hindering women's participation in government include cultural norms and patriarchal attitudes (OECD/ADB, 2019<sup>[102]</sup>).

Increasing women’s participation across government levels requires comprehensive measures, such as mentoring schemes, media training and financial support to campaigns that support the capacity, network and resources of women running as candidates. In addition, quotas ensuring a minimum level of women’s representation can also be useful. Some form of statutory and or legislated quotas exist, for example, in Indonesia, Korea and Viet Nam. However, quotas need to be accompanied by accountability and monitoring mechanisms to ensure their implementation (OECD/ADB, 2019<sub>[102]</sub>).

**Figure 5.7. Political participation of women in Southeast Asian governments, 2018**

Percentage of government seats or ministerial positions



Note: For the “Proportion of elected seats held by women in deliberative bodies of local government”, all entries are from 2018 except for Japan (2017), Cambodia (2019), Germany (2019 for seats held by women in deliberative bodies of local government and 2021 for women in ministerial positions) and the Philippines (2019).

Source: Inter-Parliamentary Union (2020<sub>[103]</sub>), *Women in Politics: 2020*, [www.ipu.org/resources/publications/infographics/2020-03/women-in-politics-2020](http://www.ipu.org/resources/publications/infographics/2020-03/women-in-politics-2020); UN Women (2020<sub>[104]</sub>), *SDG Indicator Dashboard*, <https://data.unwomen.org/data-portal/sdg>.

StatLink  <https://stat.link/aro6yc>

Besides improving the representation of women in government, engagement with women’s organisations and professional associations is also necessary. Women’s organisations and professional associations can advocate for the needs and interests of women when designing skills policies and programmes. A common challenge across countries is that many different women’s organisations and professional associations exist. The fragmentation of these organisations and associations makes it difficult for them to advocate with a single voice, reduces their legitimacy and limits their influence. In some countries, such as Cambodia, the Philippines and Thailand, women organisations and associations have formed a single umbrella organisation in order to represent their concerns at the national and international level, such as the ASEAN Women’s Entrepreneurs Network (AWEN) (ASEAN Business Advisory Council, 2020<sub>[105]</sub>). Having such national-level umbrella organisations for women across all Southeast Asian countries would allow them to be more influential in skills-related policy design and implementation.

### Strengthening the engagement of youth

Like women, young people in Southeast Asia also have specific skills needs. The pandemic has hit Southeast Asian youth particularly hard, affecting their educational outcomes and reducing their employability in an already-challenging labour market (ADB and ILO, 2020<sub>[106]</sub>). To overcome these challenges, engaging youth in the design of skills policies is crucial to enable governments to reflect their

needs (OECD, 2020<sub>[107]</sub>). Most countries in Southeast Asia – except for Lao PDR and the Philippines – have established ministries specifically dedicated to youth, which are mandated to implement youth policies and manage related budgets. Furthermore, Southeast Asian youth groups are relatively well organised, with all countries in the region having a youth organisation representing youth at the national level. However, most countries are not engaging these youth organisations in official governance bodies, where youth could directly provide their perspectives on skills policies (Table 5.9). Noteworthy exceptions are the Government of Myanmar’s engagement of youth through advisory platforms such as the Brunei Youth Council, as well as Singapore’s National Youth Council (Box 5.3) (National Youth Council, 2018<sub>[108]</sub>; UNICEF, 2018<sub>[109]</sub>). In Korea, the Economic, Social and Labour Council has representatives of government labour and employers, as well as disadvantaged groups, such as youth, women and non-regular workers, to discuss a variety of issues, such as jobs, minimum wage and adult learning, among others (OECD, 2021<sub>[10]</sub>). Inviting youth organisations to participate in skills governance bodies and help formulate, implement and monitor skills policies would enhance the relevance and responsiveness of educational and employment services, ultimately leading to outcomes in the labour market and society.

**Table 5.9. Youth representation and participation in governance bodies in Southeast Asia**

Name of country	Ministry (or equivalent) in charge of youth-related affairs	Main youth-led organisation(s)	Youth strategy	Youth participation through specific governance bodies
Brunei Darussalam	Ministry of Culture, Youth and Sports	Brunei Youth Council	Brunei’s National Youth Policy and Strategy (2020)	The Brunei Youth Policy (2022) was established to promote national values and tenets incorporated in the constitution among the youth and to provide them with a clear sense of belonging, patriotism, purpose, and direction in their lives. Furthermore, the policy aims to help the youth acquire the necessary skills and knowledge, as well as to become responsible, disciplined, dynamic, adaptable and self-reliant, which Brunei Darussalam considers essential for the social, cultural and economic development of the country.
Cambodia	Ministry of Education, Youth and Sports	Youth Council of Cambodia	National Policy on Youth Development (2011)	The National Policy on Youth Development (2011) promotes youth’s representation in national commissions or national councils and other commissions at the subnational and regional levels and guarantees youth integration into the process of decentralisation and co-decentralisation
Lao PDR	No information available	Lao People’s Revolutionary Youth Union	No information available	No information available
Indonesia	Ministry of Youth and Sports	National Committee of Indonesian Youth	Youth Law of Indonesia (2009)	No information available
Malaysia	Ministry of Youth and Sports	Malaysian Youth Council	National Youth Development Policy (1997)	No information available
Myanmar	Ministry of Social Welfare, Relief and Resettlement	Myanmar Youth Forum, the National Youth Congress, and the National Youth Network	No information available	The Government of Myanmar has established formal youth participation and advisory platforms, built linkages between education opportunities in different spaces, and developed and supported trade and economic policies and key partnerships, especially with and for small- and medium-sized enterprises (SMEs) and with entrepreneur communities and associations
Philippines	National Youth Commission	No information available	Youth in Nation Building Act (1995)	The National Youth Commission provides a forum for continuous dialogue between the government and youth on planning and evaluating policies, programmes and projects affecting youth



Name of country	Ministry (or equivalent) in charge of youth-related affairs	Main youth-led organisation(s)	Youth strategy	Youth participation through specific governance bodies
Singapore	Ministry for Culture, Community and Youth	National Youth Council Singapore	The Children and Young Persons Act (1993)	The National Youth Council Singapore participates in decision-making activities related to youth development
Thailand	The Office of Promotion and Protection of Children, Youth, the Elderly and Vulnerable Groups	National Children and Youth Council and the National Council for Child and Youth Development	The Youth Development Act (2007) and the National Child and Youth Development Plan (2012)	No information available
Viet Nam	Ministry of Home Affairs	Viet Nam Youth Federation	Viet Nam's Youth Law and Youth Development Strategy (2011)	Before making decisions on youth-related policies, government agencies need to consult the Viet Nam Youth Federation

Source: ASEAN/UNICEF (2018<sup>[110]</sup>), *ASEAN-UNICEF Conference on 21st Century Skills and Youth Participation*, [www.unicef.org/eap/media/3496/file/ASEAN-UNICEF%20Conference%20on%2021st%20Century%20Skills%20and%20Youth%20Participation.pdf](http://www.unicef.org/eap/media/3496/file/ASEAN-UNICEF%20Conference%20on%2021st%20Century%20Skills%20and%20Youth%20Participation.pdf); Brunei Darussalam Centre for Strategic and Policy Studies (2020<sup>[111]</sup>), *High hopes rest on youth shoulders*, [www.csps.org.bn/2020/12/02/a-recent-successful-project-conducted-by-csps-for-the-ministry-of-culture-youth-and-sports/](http://www.csps.org.bn/2020/12/02/a-recent-successful-project-conducted-by-csps-for-the-ministry-of-culture-youth-and-sports/); Brunei Darussalam Ministry of Culture, Youth and Sports (2018<sup>[112]</sup>), *Homepage*, [www.kkbs.gov.bn/Theme/Home.aspx](http://www.kkbs.gov.bn/Theme/Home.aspx); Brunei Youth Council (2015<sup>[113]</sup>), *Homepage*, [www.bruneiyouthcouncil.com/](http://www.bruneiyouthcouncil.com/); Thailand National Commission on the Promotion of Child and Youth Development (2012<sup>[114]</sup>), *The National Child and Youth Development Plan B.E. 2555-2559*, [www.youthpolicy.org/national/Thailand\\_2012\\_Youth\\_Development\\_Plan.pdf](http://www.youthpolicy.org/national/Thailand_2012_Youth_Development_Plan.pdf); Youth Policy Labs (2022<sup>[115]</sup>), *National Youth Policy Overview*, [www.youthpolicy.org/nationalyouthpolicies/#nav-1](http://www.youthpolicy.org/nationalyouthpolicies/#nav-1).

Clear and comprehensive youth strategies help prioritise youth-related skills policies, but the input of youth is critical to make them relevant. In Southeast Asia, all countries – except for Lao PDR and Myanmar – have a national youth strategy to prioritise policies for youth, including skills-related policies (Table 5.9). For countries without a youth strategy or with a dated youth strategy, it would be beneficial to develop a new youth strategy, given the recent challenges youth faced due to COVID-19. During the development, implementation, and monitoring of a youth strategy, it would be critical to include youth representatives throughout the process. Youth should be able to propose their own ideas and provide input on the actions featured in the strategy (OECD, 2019<sup>[6]</sup>).

### Strengthening the engagement of migrants

In addition to women and youth, migrants represent another disadvantaged group in Southeast Asia that could benefit from engagement in skills policies. Migrants significantly contribute to the region's stock of human capital. As a result, there is a growing desire among Southeast Asian countries to take advantage of their value in labour markets, prompting discussions at the ASEAN level on how to attract, retain and circulate a skilled workforce (Gentile, 2019<sup>[116]</sup>). However, despite the progress of integration and labour mobility, migrants remain vulnerable to discrimination and abuse during recruitment and employment, face challenges in having their qualifications recognised, and suffer from limited access to reskilling and upskilling opportunities in their host countries.

In the face of these challenges, it is important for countries in Southeast Asia to support migrant organisations' active participation in governance bodies and influence in skills policies. Since needs among migrants may vary greatly depending on their home country, context of migration and background (e.g. legal status, education level), it could be relevant to engage multiple migration organisations in governance bodies. For example, in the State Advisory Board on Migration and Integration in Berlin in Germany, elected representatives of seven migrant organisations meet regularly to provide recommendations on policies and even approve the appointment of the Integration Commissioner of the city of Berlin (OECD, 2018<sup>[117]</sup>). Governments could also collaborate with migrant organisations in determining the types of services migrants need and providing those together. For example, migrant worker resource centres (MRCs) are spaces for migrant workers to find information on labour migration

and lodge complaints (see Chapter 4). These services are delivered through partnerships with government institutions, trade unions and migrant organisations in countries of origin and destination. Currently, there are 24 MRCs in Southeast Asia, spread across Cambodia, Lao PDR, Malaysia, Myanmar, Thailand and Viet Nam (ILO, 2022<sup>[118]</sup>). Migrant organisations could also play an important role in monitoring countries' compliance with regional policy frameworks, such as the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, and exert pressure on governments to raise workplace standards for migrant workers (Legaspi, 2011<sup>[119]</sup>).

Due to the cross-border nature of migration, the interests and needs of migrants need to be also discussed and addressed at an international level. At the regional level, the Task Force on ASEAN Migrant Workers (TF-AMW) was formed in response to the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers and represents an important step towards the recognition of the rights of labour migrants in the region (ASEAN, 2022<sup>[120]</sup>). The TF-AMW comprises trade unions, human rights NGOs and migrant organisations, who all work with individual Southeast Asian governments to establish policy frameworks that guarantee migrants' access to social protection measures, decent pay and safety standards in the workplace (ILO, 2012<sup>[121]</sup>). Furthermore, in 2021, Cambodia, one of Southeast Asia's major migrant-sending countries, initiated national consultations in co-ordination with the national government, civil society, workers' organisations and the private sector to promote fair and ethical labour migration practices between the Cambodia-Thailand corridor (Box 5.3).

### **Box 5.3. Country examples relevant to identifying and engaging relevant civil society actors**

#### **Brunei Youth Council**

The Brunei Youth Council is a national body for youth development and the focal point for all youth affairs in Brunei Darussalam. With the Ministry of Culture, Youth and Sports as a primary partner, the council aims to ensure that youth are proactively involved in the implementation of the Wawasan Brunei 2035, the country's national vision to develop a highly skilled workforce with a high quality of life. The council organises various initiatives, such as visits to the Wawasan Brunei 2035 Secretariat, as well as the PERSPEKTIV community platform, where youth representatives can meet with leaders about issues related to young citizens' education and employability.

#### **Cambodia's National Consultation on Promoting Fair and Ethical Recruitment between the Cambodia-Thailand Labour Migration Corridor**

In 2021, the Ministry of Labour and Vocational Training (MOLVT) organised, in co-ordination with international partners, a consultation that gathered over 80 participants from the national government, civil society and workers' organisations, as well as the private sector. The discussions focused on creating a national legislative framework for regulating recruitment in the Cambodia-Thailand migration corridor, specifically eliminating human trafficking, forced labour and modern slavery in the region's supply chains. The discussions covered a wide variety of industries, including agriculture, apparel manufacturing and construction. Stakeholders were tasked to create recommendations and practical solutions on how to ensure fair and ethical recruitment of migrant workers in Cambodia, which were considered by the MOLVT for the design and implementation of their policies.

#### **Singapore's National Youth Council (NYC)**

The Singaporean government established the NYC in 1989 as the national co-ordinating body for youth policies in the country, and since 2015 has been lodged under the Ministry of Culture, Community and Youth as an autonomous agency. It has three main functions, namely to: 1) serve as a platform for youth to provide policy input to government agencies and provide a civil society viewpoint; 2) to equip youth with access to resources, networks and development opportunities to meet their needs over the

life course; and 3) to co-ordinate with government agencies for the implementation of youth-focused programmes and policies. The NYC has several flagship initiatives, such as the National Youth Dialogues, which they organise in partnership with the Global Shapers Community (Singapore Hub). The dialogues bring together stakeholders from the public and private sectors, as well as civil society, to discuss future-oriented issues, including those in relation to jobs and industry transformation.

Source: Brunei Youth Council (2015<sup>[122]</sup>), *About Us*, [www.bruneiyouthcouncil.com/motto-vision-mission](http://www.bruneiyouthcouncil.com/motto-vision-mission); IOM (2021<sup>[123]</sup>), *National Consultation on Promoting Fair and Ethical Recruitment between Cambodia-Thailand Labour Migration Corridor*, [www.iom.int/news/national-consultation-promoting-fair-and-ethical-recruitment-between-cambodia-thailand-labour-migration-corridor](http://www.iom.int/news/national-consultation-promoting-fair-and-ethical-recruitment-between-cambodia-thailand-labour-migration-corridor); National Youth Council (2018<sup>[124]</sup>), *National Youth Dialogues*, [www.nyc.gov.sg/en/initiatives/programmes/national-youth-dialogues](http://www.nyc.gov.sg/en/initiatives/programmes/national-youth-dialogues).

### Recommendations for identifying and engaging relevant civil society actors

- **Provide financial, technical, and networking resources to facilitate the participation of women, as well as the organisations that represent them, in governance.** Increase women's participation across all levels of government through comprehensive measures, such as mentoring schemes, media training and financial support to campaigns. These measures can help build the capacity, networks and resources to help women run for political office and engage in policy dialogue at subnational and national levels. Quotas for ensuring a minimum level of women's representation across levels of government in elected and non-elected positions should also be considered. However, such quotas need accountability and monitoring mechanisms to ensure their implementation. Furthermore, to facilitate the participation of women's organisations and professional associations in policy dialogue, encourage them to form a national umbrella organisation that could help overcome fragmentation issues and more effectively represent women's concerns in skills-related issues at the national and international level.
- **Strengthen youth's input in official governance bodies and development of youth strategies.** Provide national youth organisations seats in official governance bodies, so that youth can directly provide their perspectives on and influence skills policies. Their input should be used to enhance the relevance and responsiveness of skills policies to their specific needs. For countries without a youth strategy or with a dated youth strategy, it would be beneficial to develop a new youth strategy given the recent challenges youth faced due to COVID-19 and the uncertain future they face post-COVID. During the development, implementation and monitoring of a youth strategy, it would be critical to include youth representatives throughout, so that they can propose their own ideas and provide input into the actions featured in the strategy.
- **Support migrant organisations' active participation in governance bodies and influence in skills policies.** Since the needs of migrants may vary depending on their home country, context of migration and background (e.g. legal status, education level), it could be relevant to engage multiple migration organisations in governance bodies. In such bodies, meetings with diverse migrant organisations should occur regularly, so that they can provide ongoing input into skills policies. Governments could also collaborate with migrant organisations in determining the types of services migrants need and providing those together. Initiatives, such as MRCs, which are delivered through partnerships between government institutions, trade unions and migrant organisations in countries of origin and destination to support migrants and advocate for them, should be expanded in Southeast Asian countries where they do not yet exist. Migrant organisations should play an important role in monitoring their host countries' compliance with regional policy frameworks, such as the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, and pressure governments to raise workplace standards for migrant workers.

### ***Opportunity 3: Building integrated information systems***

Integrated information systems serve a wide variety of purposes for different users. Students and workers require up-to-date information on skills development programmes and job opportunities where they can use their skills. Education and training providers require data on the number of prospective students, as well as insights on students' career and labour market aspirations, to guide and adjust their programmes. Employers require information on the available skilled workforce to guide their growth and recruitment strategies. Finally, policy makers require data on skills supply and demand gaps to steer the development, implementation, financing and evaluation of skills systems with a forward-looking perspective (OECD, 2019<sup>[6]</sup>). Serving these different purposes requires not only collecting data but also managing (i.e. storing, cleaning and analysing) data in such a way that would allow different actors to use the information to make decisions on how to effectively develop and use skills.

Building an integrated information system in Southeast Asia is a complex process of improving both data collection and the management and use of skills data. It requires multiple components as a foundation, such as effective co-ordination between relevant data collection agencies, agreements on methodologies for data collection, management and use, as well as the availability of technology and protocols to store and process data safely. Data collection requires access to quantitative and qualitative data from a wide variety of sources (e.g. from students, training providers, workers and employers), while effective data management requires data compatibility, clarity regarding regulations on data integration, and strong data protection frameworks (OECD, 2019<sup>[6]</sup>). Given the complex requirements of building integrated information systems, Opportunity 3 presents two general policy directions for Southeast Asian countries to consider. First, it discusses how to improve data collection by addressing information gaps at the national and international levels. Second, it presents opportunities on how to effectively manage and use data to better inform skills policies.

#### *Improving data collection*

Most countries in Southeast Asia face challenges in collecting quality, up-to-date and relevant data on the development and use of skills. At the national level, there are significant gaps in the collection of educational data regarding disadvantaged groups, such as out-of-school youth, learners from remote areas and children with disabilities, among others (UNESCO, 2017<sup>[125]</sup>), as well as regarding participation in adult learning offers (UNESCO Institute for Lifelong Learning, 2016<sup>[126]</sup>). Countries in the region do not have adequate information about the skill levels of their populations, nor about the effective use of skills in work and society using important indicators, such as what skills firms currently need, whether employers provide training, and what proportion of employees participate in such training opportunities. Furthermore, at the international level, not all countries in the region participate in international surveys, which provide valuable insights into their performance on key skills indicators compared to other countries. For instance, only Indonesia and Singapore participate in the OECD's Programme for the International Assessment of Adult Competencies (PIAAC). While participation among Southeast Asian countries is greater for the OECD Programme for International Student Assessment (PISA), Lao PDR and Myanmar still do not partake in this international survey. The lack of data collection practices in Southeast Asia stems from multiple constraints, such as a lack of political support, financial resources and technical capacity. In line with these challenges, this policy direction explores two areas for improvement: 1) addressing data gaps in national data collection; and 2) addressing data gaps in international data collection.

#### **Addressing data gaps in national data collection**

Southeast Asian countries collect a variety of skills data at the national level. One common method of collecting data on key skills indicators is through high-stakes summative assessments, which are often managed by specialised government agencies or examination boards, often in close co-ordination with the Ministry of Education. These assessments facilitate students' completion of one level of education and

their transfer into the next and measure the acquisition of skills in accordance with countries' national curricula. Moreover, statistical agencies in Indonesia, Lao PDR, Malaysia, the Philippines, Singapore, Thailand and Viet Nam also undertake specific surveys on different aspects and levels of education. Other countries collect skills data through their ministries of education or with the help of international development partners. Based on OECD desk research, the most common data collected by different statistical agencies in Southeast Asia cover students' programmes, their achievements, the number of graduates and dropouts, as well as administrative data, including human and material resources of schools (SEAMEO INNOTECH, 2015<sup>[127]</sup>; Stagars, 2016<sup>[128]</sup>).

Southeast Asian countries face difficulties in regularly collecting data on skills development, especially regarding disadvantaged groups. Updated data on useful education indicators remain missing for several countries in Southeast Asia, such as on enrolment rates in TVET (e.g. missing in Indonesia, Viet Nam), the proportion of schools with access to the Internet (e.g. missing in Brunei Darussalam, Indonesia and Lao PDR) or the proportion of children with access to learning environments at home (e.g. missing for Brunei Darussalam, Indonesia, the Philippines and Singapore), among others (UNESCO Institute for Statistics, 2022<sup>[129]</sup>). Similarly, there are significant data gaps on adult learning in Southeast Asia, specifically regarding participation rates, completion rates, certificates or qualifications issued upon completion and social and labour market outcomes (UNESCO Institute for Lifelong Learning, 2016<sup>[126]</sup>). Furthermore, up-to-date and systematic data on skills development among disadvantaged groups is also scarce in the region. For instance, data on educational participation rates among children with disabilities and the transition from school to work of youth are also limited to household surveys (GPE, 2019<sup>[130]</sup>; ILO, 2015<sup>[62]</sup>; OECD and ADB, 2015<sup>[131]</sup>). Finally, there are also significant data shortages on migrants, their past skills development experiences and their current skills development needs.

Similarly, Southeast Asian countries face significant gaps regarding data on skills use in work and in society. Skills use data collection varies widely from country to country. Statistical offices in Indonesia, Myanmar, Singapore and Viet Nam undertake enterprise surveys, which collect data about the number of employers and workers, relevant economic sectors, number of enterprises per sector and business practices. However, these enterprise surveys often lack skills-specific modules, such as questions regarding employers' perspectives on skills currently available in the firm, whether the firm provides training, and whether employees are supported to participate in training (e.g. subsidy, training leave) (ASEAN, 2019<sup>[132]</sup>). Furthermore, data on the intensity of use of reading, numeracy, and information and communication technology skills at work and in everyday life, including unpaid care and family work, is currently not covered in regular data collection exercises across Southeast Asian countries. Data on the use of soft skills needed for entrepreneurship, such as management and networking, are also limited (ASEAN, 2019<sup>[132]</sup>). Data on skills gained and used in informal employment, prevalent across the region (see Chapter 4), are not available. Collecting data on skills use in informal employment is complicated for a variety of reasons, including disagreement among Southeast Asian countries about what constitutes informal employment. For instance, Brunei Darussalam, Lao PDR, Myanmar and Thailand include agriculture when counting informal employment, but Cambodia and Viet Nam do not (ASEAN, 2019<sup>[132]</sup>).

Several opportunities exist to further improve the national data collection processes across Southeast Asian countries. A common challenge across Southeast Asian countries is to strengthen the capacity of national statistical agencies to co-ordinate with relevant national data-collecting institutions and ensure that their collected skills data are consistent, comparable and can be processed for country-level and eventually cross-country analyses (ASEAN, 2019<sup>[132]</sup>). Such data collection requires standardising definitions of key statistical concepts and indicators related to skills within the country and across the Southeast Asian region. Furthermore, there needs to be a shared agreement between the national statistical agency and other data-collecting institutions about the methods used for data collection to ensure data quality. For example, Estonia established the Education Information System (EHIS), which is an online skills data platform that collects and centralises skills data from diverse constituencies (e.g. schools, students, teachers) and registries (e.g. exam results and qualifications). The online data entry platform

performs regular logical consistency checks, so that all data entries are valid and compatible following standardised definitions. To ensure that skills data entries are consistent and on time, Estonia has made it a legal obligation to regularly update data and funding for schools contingent upon fulfilling this obligation. Technical support is also available to help with data entry (Box 5.4). Similar skills data collection platforms at the school level are also available in some Southeast Asian countries, such as Brunei Darussalam, where the Integrated National Education Information System (iNEIS) facilitates the collection of data that could help inform education policies (Box 5.4).

Implementing robust national data collection processes requires sufficient funding. Having a competent national statistical agency that can effectively co-ordinate with all relevant data-collecting institutions and establish robust data collection processes, including those implemented through online platforms, takes funding. However, statistical agencies are generally underfunded in ASEAN, and some countries, such as Cambodia and Viet Nam, have seen a downward trend in financing for the implementation of statistical activities in recent years (Viet Nam General Statistics Office and PARIS21, 2016<sup>[133]</sup>; Cambodia National Institute of Statistics, 2017<sup>[134]</sup>).

International peer learning would be beneficial for supporting national statistical agencies in Southeast Asian countries. Since Southeast Asian countries share similar data collection challenges, so they could learn from each other and their varying approaches to overcoming these challenges. At the regional level, ASEAN has introduced several initiatives on this. In 2010, ASEAN introduced the ASEAN Framework of Cooperation in Statistics (AFCS), which outlines how ASEAN member countries could co-operate in producing timely and comparable statistics. In the next year, ASEAN established the ASEAN Community Statistical System, which implements the AFCS and consists of the national statistical systems of ASEAN member states (ASEAN, 2020<sup>[135]</sup>). In addition, to these peer-learning opportunities within the region, Southeast Asian countries could also seek to engage with countries beyond the region.

### **Addressing data gaps in international data collection**

Besides national data collection needs, Southeast Asian countries also have international data collection needs. The participation of Southeast Asian countries in skills-related international surveys varies significantly across the region (OECD, 2019<sup>[136]</sup>). Table 5.10 presents an overview of the international surveys related to skills development and skills use in which Southeast Asian countries have participated. The surveys related to skills development, which all Southeast Asian countries have joined, include the Catalogue of Learning Assessment 2.0., the Literacy and Educational Attainment Survey and the Survey of Formal Education. Other surveys where a significant number of Southeast Asian countries (but not all) participate include PISA, Southeast Asia Primary Learning Metrics (SEA-PLM) and the Trends in International Mathematics and Science Study (TIMSS). The surveys with low participation are the International Civic and Citizenship Education Study (ICCS), the International Computer and Information Literacy Study (ICILS), PIAAC and the Teaching and Learning International Survey (TALIS). Regarding international surveys related to skills use, the surveys with the highest country participation rates include the Survey of Cultural Employment, the Research and Experimental Development Survey, and the Enterprise Survey. The survey with lower country participation is the Future for Jobs Survey.

**Table 5.10. Southeast Asia's participation in selected international surveys**

Title of international survey and latest available year with participating Southeast Asian countries	Brunei Darussalam	Cambodia	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam
<b>Skills development</b>										
Catalogue of Learning Assessment 2.0 2018 <i>UNESCO</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
International Civic and Citizenship Education Study (ICCS) 2022 <i>IEA</i>									✓	
International Computer and Information Literacy Study (ICILS) 2018 <i>IEA</i>									✓	
Progress in International Reading Literacy Study (PIRLS) 2021 <i>IEA</i>			✓					✓		
Literacy and Educational Attainment Survey 2021 <i>UNESCO</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Programme for the International Assessment of Adult Competencies (PIAAC) 2015 <i>OECD</i>			✓					✓		
Programme for International Student Assessment (PISA) 2018 <i>OECD</i>	✓	✓	✓		✓		✓	✓	✓	✓
Southeast Asia Primary Learning Metrics (SEA-PLM) 2019 <i>UNICEF, SEAMEO</i>		✓		✓	✓	✓	✓			✓
Survey of Formal Education 2022 <i>UNESCO</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Teaching and Learning International Survey (TALIS) 2018 <i>OECD</i>								✓		✓
Trends in Mathematics and Science Study (TIMSS) 2019 <i>IEA</i>			✓		✓		✓	✓	✓	
<b>Skills use</b>										
Enterprise Survey 2019 <i>World Bank</i>		✓	✓	✓	✓	✓	✓		✓	✓
Future of Jobs Survey 2020 <i>World Economic Forum</i>			✓		✓			✓	✓	
Research and Experimental Development Survey 2021 <i>UNESCO</i>	✓	✓	✓	✓	✓	✓	✓		✓	✓
Survey of Cultural Employment 2016 <i>UNESCO</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Greater participation in international surveys would provide several benefits. Southeast Asian governments could use the results of international surveys to prioritise their reform efforts. Governments could see, through trend analysis, how they are performing over time. They could benchmark their performance relative to other countries within and outside the region. Such information would allow countries to identify other benchmark countries which may have faced similar challenges but have been able to raise their skills outcomes over time (UNESCO, 1999<sup>[137]</sup>).

Diverse factors can explain relatively low participation in international surveys. Participating in international surveys is a multi-year commitment that requires enough political support, financial resources, and in-house capacity. Based on stakeholder discussions, some governments in Southeast Asia may be hesitant to commit to an international survey when fearing that poor performance, relative to other benchmarking countries, in such a survey would be used to criticise them. Governments may further be concerned that the survey instruments are not adequately adapted to the context (e.g. high number of students out of school; high number of informal workers) of their countries and that any results would thus

have low relevance. Besides political support, significant financial resources are also required, which would be needed to translate the survey questionnaires into local language(s), manage the data collection, analyse the data and use findings for policy design. Since international surveys typically recur in waves, the cost of participating in a survey also adds up over time. Lastly, Southeast Asian countries require robust in-house capacities, typically in their national statistical agencies, to manage the data collection and data use due to the participation in such international surveys.

There are initiatives to raise participation in international surveys. Southeast Asian countries have already and should continue to receive technical assistance and support to participate in international surveys. For example, the OECD, through the PISA for Development (PISA-D) programme and with a financial contribution from the World Bank, has supported lower and middle-income countries, including Cambodia, in developing in-house capacities to administer an international survey, such as PISA (Box 5.4) (Ministry of Education, Youth and Sport, 2018<sup>[138]</sup>). The capacity-building areas included sample design, instrument development, implementation of data collection and security protocols, statistical analysis, data visualisation and policy research, among others. The PISA-D programme has invested significant efforts in adapting its instruments to lower and middle-income countries by, for example, developing questionnaires and methods to assess the skills of out-of-school children. After Cambodia's experience with PISA-D, it is participating in the PISA 2022 round. Such capacity building and funding support for Southeast Asian participating in international surveys should be expanded. Furthermore, through existing forums in ASEAN, such as the ASEAN Community Statistical System Committee, exchanges could also be fostered across ASEAN member countries with regard to their experiences, including the challenges and benefits, of participating in international surveys (ASEAN, 2022<sup>[139]</sup>). Best practices of how to overcome participation challenges and reap the most benefits from participation could be shared. Such peer-learning experiences could alleviate some concerns and reservations governments may have about participating. Southeast Asian countries could also play an active role in working with international survey administrators, so that the instruments are sufficiently adapted to their context.

#### **Box 5.4. Country examples relevant to improving data collection**

##### **Brunei Darussalam's Integrated National Education Information System (iNEIS)**

The iNEIS was established by Brunei Darussalam to gather data from 161 government-run schools under the Ministry of Education, encompassing the primary and secondary levels, as well as 6th form education institutions. The iNEIS serves as a centralised platform for teachers to input data on student attendance and assessments, monitor student progression, and also manage a wide variety of administrative functions relating to co-curricular activities and curriculum materials, among others. The iNEIS forms part of the Ministry of Education's Strategic Plan 2018-2022, which recognises the importance of data in improving the quality of education in the country. The strategy encompasses the entire data cycle – from collecting data in partnership with schools to converting the data into meaningful information and using this information to inform educational policies.

##### **Cambodia's participation in PISA for Development (PISA-D)**

In 2017, Cambodia participated for the first time in the PISA-D, a new OECD programme that aims to make PISA testing and analysis more accessible to lower and middle-income economies. Cambodia decided to participate in the programme following policy makers' wishes to understand how the performance of Cambodian students fared in comparison to international benchmarks and to learn from other countries facing similar challenges in their education system. The programme provided Cambodia with access to partners who served as peer-learning countries, such as Korea's Korea Institute for Curriculum and Evaluation, which provided technical and financial support for in-country capacity-building activities regarding the collection of skills data.



### Estonia's Education Information System (EHIS)

Estonia created the EHIS, an online platform that collects data from different constituencies (e.g. schools, students, teachers) and registries (e.g. exam results and qualifications). The EHIS covers all levels of education, including kindergarten, primary schools, secondary schools, vocational training, universities and adult education, as well as non-formal learning in hobby schools that provide classes in music and art for Estonian youth. Schools, students, teachers and parents are required by law to enter their data and keep it up to date, and schools are provided funding only when they have fulfilled this obligation. Schools are required to nominate at least two employees responsible for updating their data on the EHIS. Upon entering the data onto the platform, the EHIS performs regular logical consistency checks to verify the validity and reliability of the data. All collected skills data are subject to the same privacy regulations. When users encounter problems with EHIS, there is a help desk that is easily reachable for technical support. The digital infrastructure is designed to make data collection as easy and convenient as possible, and adequate human resources (both from the sides of the schools and the EHIS) are in place to support the data collection process.

Source: Brunei Darussalam (2018<sup>[47]</sup>), *Ministry of Education Strategic Plan 2018-2022*, [www.moe.gov.bn/DocumentDownloads/Strategic%20Plan%20Book%202018-2022/Strategic%20plan%202018-2022.pdf](http://www.moe.gov.bn/DocumentDownloads/Strategic%20Plan%20Book%202018-2022/Strategic%20plan%202018-2022.pdf); OECD (2020<sup>[2]</sup>), *Strengthening the Governance of Skills Systems: Lessons from Six OECD Countries*, <https://doi.org/10.1787/3a4bb6ea-en>; Ministry of Education, Youth and Sport (2018<sup>[138]</sup>), *Education in Cambodia: Findings from Cambodia's Experience in PISA for Development*, [www.oecd.org/pisa/pisa-for-development/PISA-D%20national%20report%20for%20Cambodia.pdf](http://www.oecd.org/pisa/pisa-for-development/PISA-D%20national%20report%20for%20Cambodia.pdf).

### Recommendations for improving data collection

- **Implement robust national data collection processes to address data gaps.** Southeast Asian countries should prioritise filling data gaps, including, for example, for specific vulnerable groups (e.g. out-of-school children, migrants, individuals with disabilities, individuals living in rural and remote areas, individuals active in the informal economy) for certain forms of learning (e.g. adult learning, non-formal learning), as well certain skills aspects (e.g. skills use at work). To strengthen the capacity of national statistical agencies to effectively co-ordinate with other data-collecting agencies and ensure that data are comprehensive, consistent, valid and compatible following standardised definitions, they should be provided with sufficient funding and capacity development opportunities (e.g. through peer learning within and outside the region).
- **Support participation in international surveys to generate internationally comparable data.** Southeast Asian countries should continue to seek and receive technical assistance and support to participate in international surveys. The existing forums in ASEAN, such as the ASEAN Community Statistical System Committee, should foster exchanges across ASEAN member countries in their experiences, including the challenges and benefits, of participating in international surveys. Best practices of how to overcome participation challenges and reap the most benefits from participation should be shared. Southeast Asian countries should also play an active role in working with international survey administrators to sufficiently adapt the instruments to their context.

#### *Improving the management and use of skills data*

Data collection is only the first step towards an integrated information system; it needs to be complemented with an effective system for managing and using data. Data management involves different components, such as robust digital infrastructure (e.g. access to the Internet and software), strong data protection measures that foster trust among actors that use skills data, and data strategies and legal frameworks that outline data integration measures across different data collection agencies. Moreover, skills data that have been collected and managed could be particularly helpful when they are used in skills analysis exercises,

which aim to understand skills supply and demand trends (OECD, 2019<sup>[6]</sup>; Australian Bureau of Statistics, 2021<sup>[140]</sup>; World Bank, 2021<sup>[141]</sup>). This policy direction explores two areas for building integrated information systems for skills data in Southeast Asia: 1) improving the management of skills data; and 2) improving the use of skills data.

### **Improving the management of skills data**

When skills data are managed well, they can be part of an integrated skills information system. Integrated skills information systems manage the data that governments and stakeholders produce, analyse and disseminate to ensure that policy makers, firms, individuals and others have access to accurate, timely, detailed and tailored skills information. Relevant skills data include, among others, the results of skills assessment and anticipation exercises, data on learning opportunities, data on learning outcomes, as well as data from evaluations of public policies (OECD, 2019<sup>[6]</sup>). In Southeast Asia, integrated skills information systems have helped manage skills data by streamlining access among different government agencies and cutting down on redundant procedures (e.g. Lao PDR in Box 5.5).

Integrated skills information systems require a robust digital infrastructure. Skills data collected from diverse sources are typically made available in digital format. These data need to be therefore managed on a digital platform, which requires a robust digital infrastructure, including access to a reliable Internet connection, hardware and software (Bank, 2021<sup>[142]</sup>). In some Southeast Asian countries, poor digital infrastructure poses significant challenges to establishing integrated skills information systems. For instance, Cambodia's Statistical Master Plan highlights that the country's digital infrastructure and institutional arrangements are inadequate. At the same time, Myanmar's National Strategy for Development reports a lack of information technology hardware and software to manage and process statistical data (Open Data Watch, 2020<sup>[143]</sup>).

Integrated skills information systems need to implement strong data protection measures to build trust. While an integrated skills information system should enable the open sharing of data from various sources, it also needs to implement strong data protection measures to ensure privacy and safeguard against misuse. Otherwise, data providers may not want to share their data, not trusting that their data are sufficiently protected. Southeast Asia countries should include safe data management methods in their data integration efforts and establish the legal frameworks necessary to effectively protect skills data while extracting analytical value from them (UN ESCAP, 2021<sup>[144]</sup>; World Bank, 2021<sup>[141]</sup>). In Box 5.5, policy examples from countries in the region (e.g. Malaysia) as well as the OECD (e.g. Illinois, United States) are presented on how data protection measures could be integrated into the management of integrated skills information systems across government agencies.

Establishing integrated skills information systems could be supported through data integration measures in national data strategies. National data strategies can prioritise data integration measures (e.g. digital infrastructure, data-sharing protocol, privacy measures) and allocate responsibilities and the necessary resources for implementing such measures, as exemplified in best policy practices in other countries, such as the United States and its Department of Education Data Strategy (Box 5.5). Similar strategic efforts are underway at the country level in the ASEAN, such as in Cambodia, Myanmar and the Philippines, who have adopted national data strategies that lay out provisions for managing the integration of different data sources to track national development objectives (Table 5.11). At the regional level, ASEAN member countries adopted in 2021 the ASEAN Data Management Framework to have a shared data management approach, which would make it possible to link data sources across member countries. The framework promotes robust data governance practices and guides national statistical agencies throughout the region in terms of the technical, procedural and physical measures they need to put in place to appropriately manage and protect their data (ASEAN, 2021<sup>[145]</sup>).

**Table 5.11. Data integration measures in Southeast Asia’s national data strategies**

Country	National data strategy	Reference to data integration measures
Brunei Darussalam	Open Data Initiative	Data.gov.bn helps people easily access and use open data created and collected by government agencies. It helps improve public service delivery, enables better decision-making, and facilitates problem-solving for citizens and businesses alike.
Cambodia	Statistical Master Plan for Cambodia	A Statistics Advisory Council and a Statistics Coordination Committee have been established to support data governance and data exchange.
Lao PDR	Strategy for the Development of a National Statistical System	Information not available
Malaysia	Open Data Guidelines	The guidelines provide procedures to facilitate data sharing and require all ministries to appoint Open Data Champions and Data Stewards, who are tasked to review and identify data sets to be published and shared.
Myanmar	National Strategy for the Development of Statistics	The strategy establishes provisions for data integration, including the harmonised definitions and data structures, and encourages data-sharing principles to be clearly established.
Philippines	Philippine Statistical Development Programme	The programme promotes data interoperability and increased integration of data from diverse sources.
Thailand	Open Data Strategy	Information not available
Viet Nam	Development Plan of the Viet Nam Statistical Development Strategy 2011-2020 and Vision to 2025	Information not available

Source: Data.gov.bn (2020<sup>[146]</sup>), *Homepage*, [www.data.gov.bn/Pages/About.aspx](http://www.data.gov.bn/Pages/About.aspx); Malaysian Administrative Modernisation and Management Planning Unit (2021<sup>[147]</sup>), *Open Data Guidelines and Data Stewards*, [www.malaysia.gov.my/portal/content/30588](http://www.malaysia.gov.my/portal/content/30588); OECD (2022<sup>[148]</sup>), *Open and Connected Government Review of Thailand*, <https://doi.org/10.1787/22190414>; Open Data Watch (2020<sup>[143]</sup>), *Country Profiles*, <https://odin.opendatawatch.com/Report/glanceReport>.

Data management strategies in Southeast Asia need to be complemented by robust legal frameworks that facilitate data integration processes. Table 5.12 presents data-related legislation across Southeast Asian countries with diverse approaches to data integration measures. In some countries, the legislation identifies a specific entity to promote data integration. For example, in Cambodia, the Statistics Law gives the National Institute of Statistics the mandate to establish a national integrated statistics system and to co-ordinate with all relevant institutions. In the Philippines, the Philippine Statistical Act mandates the Philippines Statistical Authority to promote and develop integrated statistics. In Singapore, the Statistics Act mandates the Chief Statistician to co-ordinate all statistical activities. In some countries, the legislation does not identify a specific entity but still lays out data integration measures. This is, for example, the case in Indonesia and Lao PDR. Overall, legislation can play an important role in providing the necessary legal framework for enabling and/or mandating data integration. However, not all Southeast Asian countries have such legislations in place. In Turkey, the national statistical agency, TurkStat, is legally mandated to access the administrative registers of other ministries and create an integrated database on education and employment (Box 5.5).

**Table 5.12. Legal frameworks for data in Southeast Asia**

Country	Legal frameworks for data	Reference to data integration measures
Brunei Darussalam	Laws of Brunei Chapter 81: Statistics	The Department of Economic Planning and Statistics (JPES), through the Department of Statistics is the central statistical agency in Brunei Darussalam. JPES serves as the authority on national socio-economic statistics and is responsible for coordinating the National Statistical System.
Cambodia	Statistics Law	The National Institute of Statistics is mandated to establish an integrated national statistics system and to co-ordinate with statistical organisational units of other ministries and institutions.
Indonesia	Law of the Republic of Indonesia No. 16 of 1997 on Statistics	Agencies collecting “special statistics” are requested to provide the National Statistics System with a summary of their statistical activities. However, no governance or data integration approaches are mentioned. Co-operation is encouraged in terms of the standardisation of concepts, definitions, classifications, measurements, and procedures for collecting statistics.

Country	Legal frameworks for data	Reference to data integration measures
Lao PDR	Statistics Law	Data integration is addressed only at the international level.
Malaysia	Statistics Act 1965	Information not available
Myanmar	The Statistics Law (The Pyidaungsu Hluttaw Law No. 1/2018)	The law created the Myanmar National Statistical System, which co-ordinates across ministries about collecting and using data for socio-economic development purposes.
Philippines	The Philippine Statistical Act of 2013	The Philippines Statistical Authority is mandated to promote and develop integrated social and economic statistics.
Singapore	Statistics Act 1973	The Chief Statistician is mandated to co-ordinate all statistical activities undertaken by public agencies.
Thailand	The Statistics Act. B.E. 2550 (2007)	Information not available
Viet Nam	Statistical Law	Information not available

Source: Brunei Darussalam Attorney General's Chambers (1984<sup>[149]</sup>), *Laws of Brunei: Chapter 81 (Statistics)*, [www.agc.gov.bn/AGC%20Images/LOB/pdf/Cap.81.pdf](http://www.agc.gov.bn/AGC%20Images/LOB/pdf/Cap.81.pdf); Brunei Darussalam Ministry of Finance and Economy (2022<sup>[150]</sup>), *Frequently Asked Questions*, <https://deps.mofe.gov.bn/SitePages/FAQ.aspx>; Government of Myanmar (2018<sup>[151]</sup>), *The Statistics Law*, [www.csostat.gov.mm/Content/pdf/Stastics\\_law\(Eng\).pdf](http://www.csostat.gov.mm/Content/pdf/Stastics_law(Eng).pdf); Open Data Watch (2020<sup>[143]</sup>), *Country Profiles*, <https://odin.opendatawatch.com/Report/glanceReport>.

### Improving the use of skills data

While managing integrated skills information systems, it is important to ensure that such systems satisfy the diverse data needs of the large and heterogeneous number of data users. Skills information is used for a wide variety of reasons, and information systems must be able to address these needs accordingly. Students and their families, for example, may benefit from evidence-based career guidance and counselling services. Employers need information about skills supply to adapt their recruiting and hiring practices. Policy makers need to analyse future skills needs and evaluate the effectiveness of skills policies (World Bank, 2021<sup>[141]</sup>; OECD, 2019<sup>[6]</sup>). Without such skills information, the risk of having more skills mismatches in the labour market rises. Skills mismatches imply costs for workers, employers and the economy. For workers, it brings lower wages and lowers job satisfaction. For employers, it increases hiring costs and lowers productivity. For the overall economy, it entails lower economic output, affecting formalisation, taxation, productivity and growth.

Understanding evolving skills supply and demand trends can be done through skills assessment and anticipation exercises. Skills assessment and anticipation exercises consist of various approaches for generating information about the available skills supply and the labour market's demand for current and future skills. Table 5.13 provides an overview of three types that are commonly used in OECD countries: 1) skill needs assessments, which are used by 97% of surveyed OECD countries; 2) skills forecasts (90% of OECD countries); and 3) skills foresight exercises, which are less commonly used (55% of OECD countries) but are nonetheless important. These skills assessment and anticipation exercises can identify short, medium or long-term skills scenarios and provide information about skills needs at the national, regional or sector-specific levels. The frequency at which they are conducted may depend on data availability for each country (OECD, 2016<sup>[152]</sup>).

Skills assessment and anticipation exercises apply various methodologies to collect data. Across OECD countries, the most common methodologies include: 1) the use of data from labour market information systems (e.g. administrative data) (78.5% of participating countries); 2) sectoral studies, which assess the skilling and economic needs of a given sector (75%); 3) employer surveys, which ask employers about which skills they consider to be in shortage at present and in the future (68%); 4) qualitative sources, which could be collected through discussions (e.g. focus groups, round tables) carried out through governance forums (68%); 5) surveys of workers or graduates, which aim to find out which training offers or programmes they prefer and gain insights into the supply of skills (61%); and 6) quantitative forecasting models, which use historical data on skills to understand future trends (57%) (OECD, 2016<sup>[152]</sup>). In many

cases, different sources are used, as relying on one source limits the quality of skills analysis exercises. This underscores the need for strong and well-coordinated data integration efforts that simplify the collection of complex data requirements (CEDEFOP, European Training Foundation and International Labour Office, 2016<sub>[153]</sub>).

**Table 5.13. Overview of skills assessment and anticipation exercises**

	<b>Skills assessment</b>	<b>Skills forecast</b>	<b>Skills foresight</b>
Description	Evaluates the existing supply and demand for skills, as well as identifies current mismatches or shortages	Provides general insights into future trends in skill supply and/or demand in the labour market	Provides a framework for actors to jointly think about and target future scenarios and actively shape policies to effectively bring those scenarios to fruition
Methodology	Surveys of employers about skill deficiencies and skill gaps	Forecast-based projections and quantitative models at the national level	Focus groups/round tables, Delphi-style methods, and scenario development
Advantages	Directly involves users or customers	Is comprehensive (typically covers all sectors), consistent, transparent, and explicit	Is holistic by considering a broader range of contextual factors other than only economic ones. Directly involves users or customers.
Disadvantages	May be very subjective and inconsistent, focusing too closely on marginal situations	Uses data that is demanding and costly. Does not represent non-quantifiable information and may give a false impression of precision or certainty	Can be non-systematic, inconsistent and subjective
OECD examples	Canada (Assessments carried out by the Office of Literacy and Essential Skills)	Sweden (Arbetsförmedlingen's short, medium, and long-term forecasts), Germany (BIBB-IAB-Qualification and Occupational Fields forecast)	Germany (Foresight Initiative for Skill Needs)
Southeast Asia examples	Malaysia (Talent Corp's Critical Occupations List)	Singapore (Jobs-Skills Insights)	Philippines (Futures Thinking)

Source: Adapted from OECD (2016<sub>[152]</sub>), *Getting Skills Right: Assessing and Anticipating Changing Skill Needs*, <https://doi.org/10.1787/9789264252073-en>.

A few Southeast Asian countries have implemented some skills assessment and anticipation exercises. For example, TalentCorp in Malaysia conducts skills assessments based on the Labour Force Survey, Salaries and Wages Survey, and online job-posting data to identify skills demands and create a shortlist of 58 critical occupations, which is updated on an annual basis (Malaysia Talent Corp, 2022<sub>[154]</sub>). SkillsFuture Singapore conducts skills forecast exercises based on survey data, the SkillsFuture Singapore jobs-skills repository and verification from stakeholders. Results are published as “Jobs-Skills Insights” on a quarterly as well as an annual basis, highlighting priority skills and jobs areas, growth sectors, training needs and career opportunities (SkillsFuture Singapore, 2022<sub>[155]</sub>) (Box 5.5). In the Philippines, the Philippine Technical Education and Skills Development Authority launched in 2022 a Futures Thinking programme to equip its senior leaders and staff with foresight skills and tools, so that they can identify patterns, threats and opportunities, consider potential scenarios, and develop skills policies accordingly (Philippines, 2022<sub>[156]</sub>). To promote the use of skills assessment and anticipation exercises in the region, Southeast Asian countries with available data, namely Malaysia and Thailand, may use the *OECD Skills for Jobs* database, which provides regularly updated international evidence on skills shortages, surpluses and mismatches based on quantitative data from large-scale household surveys (see Figure 3.19 in Chapter 3) (OECD, 2017<sub>[157]</sub>).

Barriers to implementing skills assessment and anticipation exercises need to be addressed. Based on discussions with stakeholders, a common barrier is that the necessary data sources for conducting robust assessment and anticipation exercises are not yet being collected. As discussed in the previous section, many Southeast Asian countries are not systematically, comprehensively, and regularly collecting

skills-related data, which limits the value of any assessment or anticipation exercise based on limited data. Data are also often dispersed and not yet accessible in an integrated skills information system. Furthermore, implementing such exercises requires sufficient funding and human resources with specialised expertise, which is also not readily available across all Southeast Asian countries. To overcome the financial and human resource barriers, some Southeast Asian countries have collaborated with international organisations to receive financial support and capacity building to implement these exercises. For example, the Philippine Future Thinking programme has been funded and supported by the United States Agency for International Development (USAID) (Philippines, 2022<sup>[156]</sup>). Based on stakeholder consultations, another common barrier across Southeast Asian countries is an insufficient political will to support such exercises, possibly due to the required long-term investments and the challenge of collaborating across different ministries and agencies. To raise the importance of skills assessment and anticipation exercises for senior government officials, ASEAN and its relevant bodies (e.g. ASEAN Community Statistical System) could share best practices with one another, highlighting how these exercises were conducted and how the results from such exercises were useful in guiding skills policies. Regional collaboration on skills assessment and anticipation exercises would also be beneficial in informing migration policies within the region.

### **Box 5.5. Country examples relevant to improving the management and use of skills data**

#### **Illinois' Longitudinal Data System (ILDS)**

The ILDS in the United States, defined by Public Act 96-0107 and supported by federal funding, aims to link student test scores, length of enrolment and graduation records over time. The system tracks the outcomes of Illinois students as they move from pre-primary to post-secondary education, as well as when they enter the workforce. The system makes it possible for multiple agencies across initial and higher education to share data with one another through an identity resolution system. To ensure privacy and security, ILDS implements security protocols across all data-providing agencies and has a standardised vetting process for external data users (e.g. researchers) to access data with agency approval.

#### **Lao PDR's Education and Sports Management Information System (LESMIS)**

In July 2022, the Ministry of Education and Sports (MoES) launched LESMIS, which serves as a centralised digital platform to provide access to educational data in an integrated manner. MoES aims to use the data to develop policies that improve Lao children's learning outcomes. Before establishing LESMIS, MoES used multiple data management systems operated by different departments, which complicated accessing data and resulted in overlap in data requests. Since its launch, LESMIS has cut down on redundant procedures and facilitated the use of data. LESMIS is available on line and through an app that can be used from multiple levels – from the national government to local schools.

#### **Malaysia's Institute for Labour Market Information and Analysis**

Malaysia's Institute for Labour Market Information and Analysis brings together data from various government agencies and industry bodies through the Labour Market Information Data Warehouse (LMIDW). The LMIDW is supported by a Data Flow Management system (or datamart), which facilitates the sharing of datasets by agencies and presents a dashboard that can generate various types of reports in a user-friendly manner.

### Singapore's Jobs-Skills Insights

Managed by SkillsFuture Singapore, Jobs-Skills Insights is the umbrella of resources that provides information on skills and jobs that will be in demand in the future. The initiative uses big data and machine-learning models to monitor global, regional, and local jobs and skills trends. It uses various data sources, such as job postings, training consumption, and curriculum vitae data, among others. Assessment results are validated with global and local industry leaders and stakeholders before being disseminated to the public. An annual publication, *Skills Demand for the Future Economy Report*, is available on line and can easily be accessed by individuals to guide their own skills development journeys, as well as by enterprises to inform the design of skills development offers for their employees.

### Turkey's Education-Employment Database (EEDB)

The Turkish Statistical Institute oversees the EEDB, which provides integrated data on education, skills and the labour market. A wide range of institutions contributes to this database, including: the Ministry of National Education; the Ministry of Treasury and Finance; the Higher Education Council; the Social Security Institution; the Central Population Administration System; the Turkish Employment Agency; and the Centre for Assessment, Selection and Placement. The data sharing and integrated data management system was made possible through signing Memorandums of Agreement between these institutions and establishing data protection protocols.

### United States Department of Education Data Strategy

The Department of Education in the United States adopted its first-ever agency-wide data strategy in 2020 to prioritise data integration measures throughout the agency and make collected data widely accessible to inform policy and be used in research. One of the principal ways data integration is fostered in the policy is through forming a community of principal office data stewards lodged under the department. The community is tasked to improve data management functions, specifically by promoting consistency in how data are managed across government agencies, improving data collection capacity and providing clear inter-agency communication channels for the exchange of data, successful policies and lessons learned.

Source: OECD stakeholder consultations; Illinois State Board of Education (2020<sub>[158]</sub>), *ISBE Programs: Illinois Longitudinal Data System Project*, [www.isbe.net/Pages/Illinois-Longitudinal-Data-System-Project.aspx](http://www.isbe.net/Pages/Illinois-Longitudinal-Data-System-Project.aspx); US Department of Education (2020<sub>[159]</sub>), *U.S. Department of Education Data Strategy*, [www.ed.gov/sites/default/files/cdo/ed-data-strategy.pdf](http://www.ed.gov/sites/default/files/cdo/ed-data-strategy.pdf); Leventoff, Wilson and Zinn (2016<sub>[160]</sub>), *Data Policy Toolkit. Implementing the State Blueprint*, <https://careertech.org/resource/data-policy-toolkit>; UNESCO (2022<sub>[161]</sub>), *New online platform to strengthen education data management in Lao PDR launched*, [www.unicef.org/laos/press-releases/new-online-platform-strengthen-education-data-management-lao-pdr-launched](http://www.unicef.org/laos/press-releases/new-online-platform-strengthen-education-data-management-lao-pdr-launched).

### Recommendations for improving the management and use of skills data

- Establish the institutional and legal groundwork for integrating data management systems.** Countries in Southeast Asia can kick off their integration processes by formulating strategies and policies that identify relevant data sources at the national, subnational and school levels. Afterwards, it is important to establish data-sharing agreements between these different sources to facilitate data transfer from one actor to another. Such data-sharing practices must align with countries' data protection provisions, especially for information that may be deemed sensitive and private, such as academic performance, qualifications and wages. Governments must deliberate on what raw data on skills could be accessed by the public through agencies' statistical portals and what information must be restricted due to data privacy concerns. Countries in the region must directly address such issues in their data strategies and legislation and set clear guidelines on how government agencies process personal data and use them as evidence for skills policies.

- **Regularly conduct skills assessment and anticipation exercises to design and update skills policies.** Governments must support the collection of comprehensive and up-to-date skills data sources and the management of such data sources in an integrated skills information system in order to make robust skills assessment and anticipation exercises possible. Sufficient funding and human resources should be dedicated for such exercises. Bilateral partnerships (e.g. development agency) and multilateral partnerships (e.g. ASEAN) can support the development and implementation of such exercises. Best practices and lessons learned from using such exercises for skills policy making should be disseminated across Southeast Asian countries.

#### ***Opportunity 4: Aligning and co-ordinating financial arrangements***

Many factors affect the level of financial expenditure Southeast Asian countries dedicate to skills development initiatives. These include a country's size and demographics, enrolment rates, salaries of teaching staff, the cost of teaching materials and facilities, instruction time schedules, student-teacher ratios and the availability of diversified skills development offers (e.g. work-based learning schemes that supplement school-based education), among others (OECD, 2021<sup>[162]</sup>). In addition to the direct costs associated with skills development initiatives, there are also expenses related to the maintenance of skills governance bodies and the collection and management of skills-related data. Given the scope of these variables, the ideal financial arrangements in Southeast Asia vary greatly from country to country.

Despite some cross-country differences, Southeast Asian countries still share similar challenges in aligning and co-ordinating financial arrangements for skills policies. Throughout the region, governments remain the primary source of funding for education. However, countries' expenditure in terms of GDP per capita remains well below that of OECD countries, which risks lowering the quality of skills development offers. There is also significant room to encourage private sources, especially employers, to help shoulder public costs and contribute funding for education and training offers. Furthermore, there is a great need for countries in Southeast Asia to expand financing for skills to include disadvantaged learners and ensure that resources are distributed equitably across groups. In line with these needs, Opportunity 4 explores two policy directions for Southeast Asian countries to align and co-ordinate financial arrangements for skills. First, it discusses how countries could diversify financial resources by promoting investments into skills, especially among employers. Second, it presents various mechanisms for allocating financial resources equitably and effectively.

##### *Diversifying financial resources*

Southeast Asian skills systems rely on several sources of funding for skills policies. Public sources of funding in the region include national governments, which have the authority to decide on educational budgets and set policy priorities that influence how funding is allocated, as well as subnational governments, which are often closer to schools and local communities and have increased in terms of importance following efforts to decentralise education in many countries in the region (SEAMEO INNOTECH, 2012<sup>[163]</sup>). In some cases, countries in Southeast Asia also benefit from financial support from international partners in the form of official development assistance (ODA), which often supplements governments' limited financial capacity (UNESCO, 2021<sup>[164]</sup>). Private sources of funding in the region include individuals who contribute to skills financing through tuition fees for private schools or private tutoring to complement public education, as well as employers who directly provide resources for skills development opportunities through in-house training or contributions to skills funds.

Governments are the primary sources of funding for skills development initiatives in Southeast Asia. Figure 5.5 shows that Southeast Asian governments allot a substantial portion of GDP per capita to education, although still significantly less than OECD countries across all levels of education. Governments in the region spend the least on education at the primary level (11.3% of GDP per capita), which risks lowering the quality of training and inadequately developing foundational skills early on in life. While



Southeast Asian countries' expenditure in terms of GDP per capita rises at the secondary (16.9%) and tertiary levels (22.8%), it is still below the spending of OECD countries. The average investment in TVET in Southeast Asia (0.16%)<sup>3</sup> is also significantly lower than that of OECD countries (0.5%) (AFD, 2019<sub>[165]</sub>; OECD, 2022<sub>[166]</sub>). As population growth has surged and the region's demand for education and training has risen, governments have struggled to match the supply at all levels and have looked to other funding sources (Ernst & Young, 2016<sub>[167]</sub>).

ODA is a common supplementary educational funding source that supports the limited financial capacity of Southeast Asian governments. Countries in Southeast Asia already take advantage of a diverse range of partners who support implementing skills policies and other national development objectives. For example, several countries in Southeast Asia, namely Cambodia, Myanmar, Lao PDR, the Philippines, and Viet Nam, participate in the Global Partnership for Education (GPE), the largest global fund dedicated to educational reforms in low-income countries. The GPE supports the governance of skills systems by mobilising funding, co-ordinating peer-learning activities and strengthening data systems. From 2002 to 2022, the total amount invested in Southeast Asia, including COVID-19-related grants, is over USD 875 million, making the region the second largest recipient after Sub-Saharan Africa (Global Partnership for Education, 2022<sub>[168]</sub>). In addition to multilateral mechanisms, bilateral partners, such as Australia and Korea, have Southeast Asian countries as their top ODA recipients in the education sector. For instance, Australia alone provided USD 14.8 million to Myanmar in 2019, while Korea provided Viet Nam and Myanmar with USD 13.7 million and USD 10.8 million, respectively (UNESCO, 2021<sub>[164]</sub>). While ODA funding has supported various important skills projects in Southeast Asian countries, relying extensively on ODA has its downsides. For one, the scale of resources provided through ODA is fairly small in comparison to countries' financial needs and is often used only for short-term projects focusing on specific aspects of skills development (e.g. school feeding programmes, classroom construction, scholarships for girls), rather than systematic and long-term interventions (Riddell and Niño-Zarazúa, 2016<sub>[169]</sub>).

Besides public funding, private funding is also important, with individuals in Southeast Asia already contributing significantly. Household funding of primary-level education as a percentage of GDP per capita was significantly higher in Cambodia (7.0%) and Indonesia (3.6%) than in some OECD countries, such as Australia (1.8%), the United States (1.5%) and Korea (1.5%). Some Southeast Asian countries rely on private contributions in the form of tuition fees for private schools or private tutoring to complement public education, such as in Singapore, where four out of ten families interviewed in a survey indicated that their children are enrolled in private extra-curricular classes and tutoring sessions (Teng, 2015<sub>[170]</sub>). Similar systems exist in other countries, such as Cambodia and Myanmar (Silova, 2012<sub>[171]</sub>; ILO, 2015<sub>[62]</sub>). At the tertiary level, individuals' funding of education constitutes a significant proportion of GDP per capita, reaching as high as 28.35% in Viet Nam and 16.17% in Indonesia (Figure 5.8).

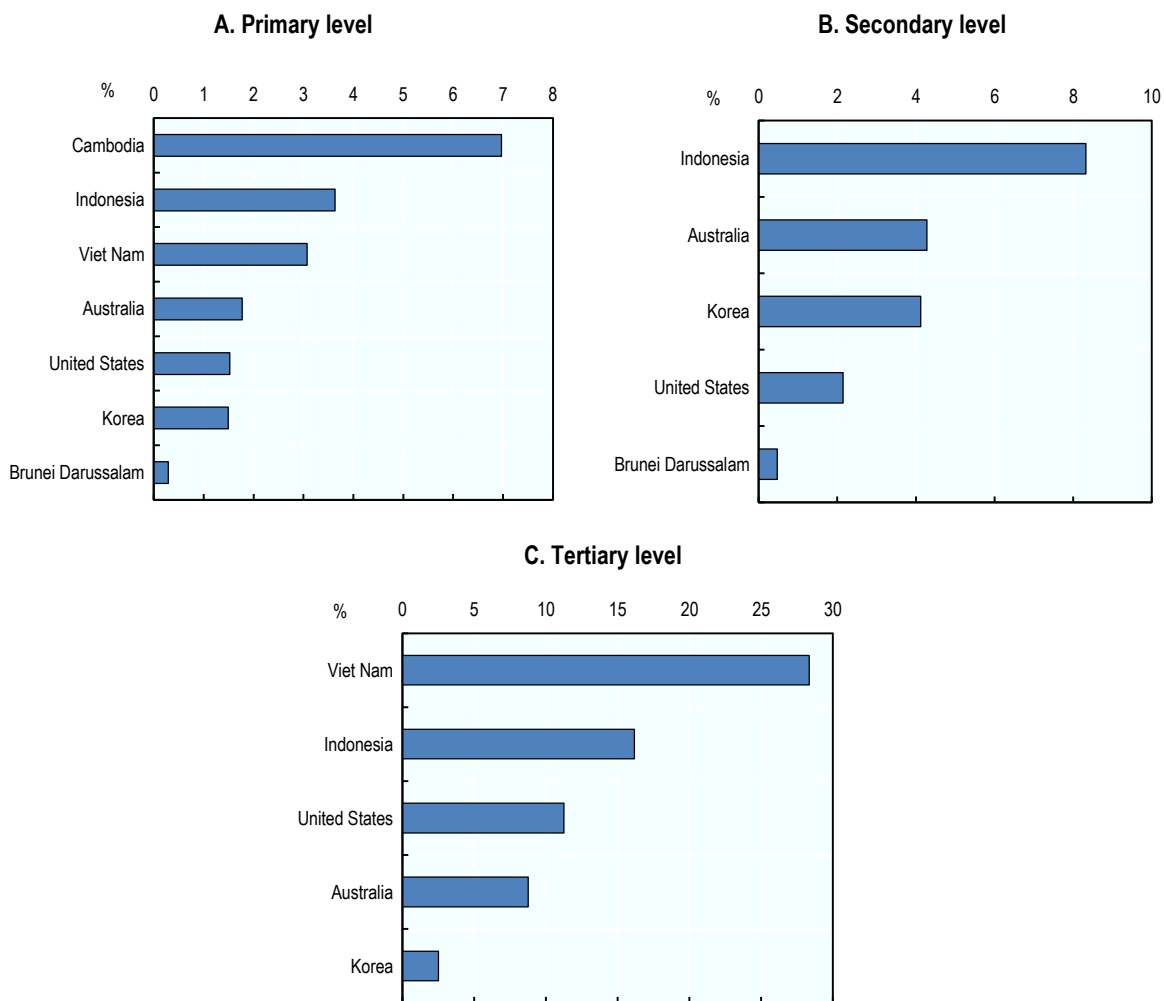
High education costs, especially at higher levels, are a great barrier to accessing skills development offers, especially among disadvantaged learners in Southeast Asia. Governments need to provide a robust regulatory framework to limit excessive private tuition fees and comprehensive financial aid (e.g. scholarships, grants, subsidies) so that learners from disadvantaged socio-economic backgrounds have sufficient access opportunities (see Chapter 3). Given the already relatively high financial burden on individuals in Southeast Asian countries, relying more on private funding from individuals for skills policies could be challenging.

Private funding from employers could be an important source of financing for skills development. Research shows that employers benefit in numerous ways from investments in training and developing the skills of students and employees. Some of these benefits include lower recruitment costs, higher productivity and competitiveness, reduced staff turnover, feelings of being valued and appreciated among employees that lead to higher employee engagement and loyalty, and a better reputation for businesses that helps them attract the best talent in the labour market (ASEAN Secretariat, 2020<sub>[172]</sub>). In OECD countries, several mechanisms, such as financial incentives, are in place to facilitate employers' contributions to financing


skills. These incentives may include subsidies, tax incentives, payback clauses, public procurement, and levies, which are explored in detail in Table 5.14.

**Figure 5.8. Initial household funding on education in Southeast Asia and selected OECD countries, latest available year**

Percentage of GDP per capita



Note: Initial household funding refers to spending on education borne by households, collected through consumption surveys. Due to a lack of data, the latest available year was used for the following countries: Brunei Darussalam (2012); Viet Nam (2013); Cambodia (2014); Australia at the primary and secondary levels, and Indonesia (2015); and Australia at the tertiary level and the United States (2019).  
 Source: UNESCO Institute for Statistics (2016<sup>[173]</sup>), *Education Finance*, <http://uis.unesco.org/en/topic/education-finance>.

StatLink  <https://stat.link/zs8lj9>

**Table 5.14. Types of financial incentives for employers**

	<b>Subsidies</b>	<b>Tax incentives</b>	<b>Payback clauses</b>	<b>Public procurement</b>	<b>Levies</b>
<b>Description</b>	Decrease the costs of participation through a direct transfer of financial resources from the government to the employer (e.g. through a voucher) or training provider	Lower the amount of tax due to be paid in proportion to investments in training	Allow employers, through a contractual agreement, to recover part of their investments in training in the case that a trained employee leaves	Award public contracts to firms when they provide certain types of training	Collect taxes from employers with the purpose of earmarking them for training and skills development initiatives for employees
<b>Country examples</b>	Japan (Career Keisei Sokushin Joseikin)	Chile (Franquia Tributaria: Precontrato)	Latvia (Apmācību izdevumu atlīdzināšana darba attiecībās)	Switzerland (Provision of public procurement policies in exchange for apprenticeships)	Malaysia (Mandatory levy of 1% for all employers with ten or more workers), Singapore (Skills Development Levy)

Source: OECD (2017<sub>[174]</sub>), *Financial Incentives for Steering Education and Training*, <https://doi.org/10.1787/9789264272415-en>.

Among the different types of financial incentives for employers, levies have great potential for generating additional revenue for skills. While the other financial incentives, such as subsidies, tax incentives, payback clauses and public procurement, require the government to either pay out funding to employers or accept lower tax revenue, levies generate additional revenue without generally requiring any public funds. Levies pool resources from employers by imposing a compulsory financial contribution and earmarking them for expenditure on training. Contributions to levy schemes may also ensure a stable and constant flow of funding, making training investments less sensitive to the business cycle. Levy schemes may offer economies of scale and reductions in transaction costs when training is procured collectively (OECD, 2017<sub>[174]</sub>). Moreover, levies may be used to gather financial resources from employers and be channelled towards the provision of skills development offers to workers in the informal sector, which is particularly relevant for many Southeast Asian countries. Levy-financed training funds across countries (e.g. Malaysia, Thailand) have been used to provide informal workers with access to employer-sponsored training (ILO, 2020<sub>[175]</sub>).

There are different types of levies. Levies can vary depending on how they have been set up and are implemented. Example levy types include revenue-generating schemes, levy-grant schemes, levy-exemption schemes and cost-reimbursement schemes (Table 5.15). Each of these levies has its advantages and disadvantages, which need to be considered. Different levies exist across OECD countries and in some Southeast Asian countries, such as Malaysia and its Human Resources Development Fund (Box 5.6).

**Table 5.15. Type of levies**

	<b>Revenue-generating schemes</b>	<b>Levy-grant schemes</b>	<b>Levy-exemption schemes</b>	<b>Cost-reimbursement schemes</b>
<b>Description</b>	Employer contributions are used to finance general training programmes.	Payroll contributions are collected from employers and distributed as grants.	Employers are required to dedicate at least a certain percentage (e.g. 1%) of payroll towards training purposes or submit the equivalent to the government.	Firms pay a compulsory levy but can claim expenses back for any training costs incurred during the year.
<b>Advantages</b>	Raise funds for publicly provided training.	Higher grants can be given to firms with higher training expenses. Grants can also be made conditional on developing specific skills relevant to the labour market.	Cost of training for an employer is zero, up to the amount of tax liability.	Lower administrative burden. Employers have greater freedom in planning training.

	Revenue-generating schemes	Levy-grant schemes	Levy-exemption schemes	Cost-reimbursement schemes
<b>Disadvantages</b>	No incentive for firms to invest in training as contributions cannot be claimed back.	Require many case-by-case decisions and have higher administrative costs. Grant application can be burdensome, especially for small firms with limited resources.	Employers may opt out of training as it is easier to pay the levy than provide training.	In order to get money back, employers may spend money on any type of training, regardless of quality.
<b>Country examples</b>	Brazil (SINA)	Denmark (Kompetenceudviklingsfonde), Italy (Intersectoral training fund), United States (Arizona Job Training Tax), Singapore (Skills Development Fund)	Greece (ELEKP training fund), Hungary (compulsory VET levy), Thailand (Skills Development Fund)	Denmark (Reimbursement Fund), Belgium, France (Contribution à la formation professionnelle continue), Malaysia (Human Resource Development Fund)

Source: OECD (2017<sup>[174]</sup>), *Financial Incentives for Steering Education and Training*, <https://dx.doi.org/10.1787/9789264272415-en>; OECD (2019<sup>[176]</sup>), *OECD Skills Strategy Latvia: Assessment and Recommendations*, <https://doi.org/10.1787/74fe3bf8-en>; Müller and Behringer (2012<sup>[177]</sup>), "Subsidies and Levies as Policy Instruments to Encourage Employer- Provided Training", <https://dx.doi.org/10.1787/5k97b083v1vb-en>.

Examples of levies in Southeast Asia exist at national and sectoral levels. For instance, Singapore's Skills Development Fund is a levy-grant scheme with payroll contributions from public and private employers. The rate employers pay could vary between SGD 2.00 to SGD 11.25 (Singapore dollars) per employee per month, depending on the salary level of employees (UNESCO, 2022<sup>[178]</sup>). Employers can access grants from the fund to offset training costs and receive wage support during employee training time. In Thailand, the Skills Development Fund is a levy-exemption scheme and applies a "train or pay" approach. Employers with over 100 employees are required to contribute to the fund when they fail to provide yearly training to at least 50% of their employees. The levy rate stands at 1% of the legal minimum wage of the previous calendar year, and the total amount contributed per company depends on the number of employees that they did not provide training for (UNESCO, 2022<sup>[179]</sup>). Malaysia's Human Resource Development Fund is a cost-reimbursement scheme in that firms pay a compulsory levy (1% of payroll for larger firms; 0.5% for small firms; exemption for micro firms), and firms can claim back all or a portion of skills-related expenses incurred in the year (Box 5.6). Example expenses include joint training provision between multiple firms, recognition of prior learning and the purchase of training equipment (HRDF Malaysia, 2017<sup>[180]</sup>). In all three country examples, the government also tops up the levy fund from time to time based on strategic initiatives. For example, Malaysia's Human Resource Development Fund disburses grants directly to training providers targeting informal workers and uses for such purposes the government contributions to the levy.

Southeast Asian countries could expand the use of well-designed levy schemes, given their many benefits. When designing policies on levies, it is important to secure employer buy-in and engage them closely in the governance of levy schemes to avoid having levies be perceived as additional tax. Consulting employers on training priorities and how to allocate funds increases their sense of ownership of the scheme, thereby promoting compliance. While countries should promote the use of national levy schemes, they could also encourage establishing levy schemes on a sectoral basis with industry representatives to make the use of funds more responsive to the immediate training needs of the sectoral labour market. For example, Ireland's Skillsnets levy is organised at the sectoral level (Box 5.6). Having national and sectoral levies co-exist could provide a balance between the provision of well-tailored training to sectoral needs and comprehensive training offers in line with national priorities. For example, in Belgium and France, there is a compulsory national levy, while some sectors voluntarily collect a greater contribution used for sectoral training (OECD, 2017<sup>[174]</sup>). Furthermore, the design of levy schemes must ensure that they do not tend to disproportionately benefit large employers, who often have more technical and human capacity to participate in the governance of skills and influence training priorities. This could be done, for example, by ensuring that the allocation of resources gathered through levies is skewed towards the provision of more

resources to smaller SMEs and also benefits disadvantaged groups, such as informal workers (OECD, 2017<sup>[174]</sup>).

### Box 5.6. Country examples relevant to diversifying financial sources

#### Ireland's Skillnets

The Skillnets training networks in Ireland are groups of private businesses in the same sector and/or region that have come together to carry out training-related activities that may not be possible if each firm acted independently. There are currently 63 Skillnet training networks active in Ireland. These are all funded through a mixture of government funding and the National Training Fund, which is financed through a levy on employers of 0.7% of reckonable earnings of employees in certain employment classes. Because the levy was introduced simultaneously with a 0.7% reduction in employer social security contributions, it encountered little resistance from employers. An example of such a network is Wind Skillnet, which conducted an extensive training needs analysis with its member companies, working closely with the Irish Wind Energy Association and taking guidance from leaders in the Irish Wind Industry. Wind Skillnet has developed a suite of courses that meet the requirements of trainees in the Wind Industry.

#### Malaysia's Human Resources Development Fund

The fund is governed by the Pembangunan Sumber Manusia Berhad (PSMB) Act of 2001, overseen by the Ministry of Human Resources, and administered and implemented by Malaysia's Human Resources Development Corporation (HRD Corp). The PSMB Act of 2001 outlines the collection of a human resources development levy to promote the training and development of workers, apprentices and trainees. Under the act, employers with ten or more Malaysian employees must pay a mandatory 1% levy, while employers with five to nine employees pay a voluntary 0.5% levy. HRD Corp uses the funds collected through the levies to organise different types of programmes for employers, training providers, individuals and industries, as well as to provide other training-related support, such as the set-up of internal training facilities, recognition of prior learning and the training of trainers.

Source: Malaysia HRD Corp (2001<sup>[181]</sup>), *PSBM Act*, <https://hrdcorp.gov.my/psmb-act-2001/>; Skillnet Ireland (2022<sup>[182]</sup>), *Homepage*, [www.skillnets.ie](http://www.skillnets.ie).

### Recommendations for diversifying financial resources

- **Promote the use of levies among employers to encourage skills development and mobilise financial resources for training.** Engage employers in the design and implementation of levy schemes, consulting them regarding decisions on training priorities and mechanisms for allocating financial resources. Establish compulsory payroll levies at the national level to ensure a steady stream of funds that could be used for skills development offers in line with the identified training priorities at the country level. Design these levy schemes in such a way that allocates additional resources to disadvantaged groups, for instance, by earmarking a greater proportion of levy-financed training funds specifically for workers in SMEs and dedicating a portion to workers in the informal economy. Moreover, on top of national levy schemes, consider establishing levies at the sectoral level in partnership with industry representatives in order to align funding with the immediate needs of employers, enabling a more rapid response to sector-specific labour market demands.

### *Allocating financial resources equitably and effectively*

Financial resources allotted for the development and use of skills must be allocated equitably. While it is important to have sufficient financial resources that could support skills policies, it is equally important to ensure that these resources reach those that need them most (OECD, 2021<sup>[183]</sup>). Therefore, the mechanisms by which governments govern, distribute and monitor financial resources, which are often more limited by technical and human resource constraints in Southeast Asia than in OECD countries (see Chapter 3, Opportunity 2), it is crucial to ensure that learners, especially those from socio-economically disadvantaged groups, receive the support they need to succeed and progress through education and employment. The process of designing formulas that determine funding allocations in skills systems, therefore, needs to consider both equity and effectiveness. Moreover, regular monitoring and evaluation of skills-related expenditures are needed to ensure that funding is translated into better learning outcomes, and that value for money is achieved, especially in resource-constrained settings (Fazekas, 2012<sup>[184]</sup>; OECD, 2017<sup>[24]</sup>). To this end, this policy direction explores two areas for Southeast Asian countries to consider when allocating financial resources: 1) adopting an equity approach to allocating financial resources; and 2) monitoring and evaluating funding allocation.

#### **Adopting an equity approach to the allocation of financial resources**

There are various mechanisms by which national and subnational governments can allot funding for skills development. Table 5.16 shows four main mechanisms by which financial resources are transferred from the national level to subnational and school levels, namely lump sum transfers, block grants, earmarked grants and school-specific grants. Each mechanism has its potential advantages and disadvantages and varies in the amount of discretion that national governments provide to subnational governments and schools to make decisions on how to spend financial resources. For example, school-specific grants are the most restrictive, while lump sum transfers provide subnational governments and schools with the greatest autonomy over the allocation of financial resources (OECD, 2017<sup>[24]</sup>). In Southeast Asia, decentralisation efforts have facilitated the use of mechanisms that give schools more authority to use their budgets based on the needs of their student populations. For instance, in the Philippines, this includes an increased ability to address educational priorities in schools, including responding to the needs of disadvantaged groups (Lugaz and De Grauwe, 2016<sup>[185]</sup>) (Box 5.7).

**Table 5.16. Overview of funding transfer mechanisms**

	<b>Lump sum transfer</b>	<b>Block grant</b>	<b>Earmarked grant</b>	<b>School-specific grant</b>
<b>Description</b>	Transfers a lump sum to subnational authorities and gives them discretion over the proportion of the lump sum they want to use for education	Provides funds to subnational authorities with requirements to use them for current expenditures in education but allows a certain level of discretion within that	Provides subnational authorities with funds that are required to be used for specific elements or items of current expenditure in education	Consists of funds that subnational authorities are entirely required to use for current expenditure in specific schools
<b>Potential advantages</b>	Leaves subnational authorities with a high degree of discretion over how funds are allocated	Leaves subnational authorities with a medium degree of discretion over how funds are allocated	Makes it easier for national governments to ensure that funding has been spent for its specified purpose	Facilitates administrative efficiency
<b>Potential disadvantages</b>	Increases administrative burden for authorities who also manage the budgets of other policy domains than education	Assumes that subnational authorities have a sufficient level of financial management capacity to make effective use of grants, which may not be the case	Restricts the ability of subnational authorities to decide how to spend funds	Limits or removes completely the administrative discretion of subnational authorities to reallocate funding among different schools and needs

	Lump sum transfer	Block grant	Earmarked grant	School-specific grant
Examples	Belgium (lump sum transfer from the national government to the Flemish and French communities)	Iceland (block grants for compulsory education), Slovak Republic (block grant for salaries and operational costs)	Estonia (earmarked grants for school personnel salaries and professional development, study materials and school lunches)	Chile (school-specific funds rewarded to top-performing schools)

Source: OECD (2017<sup>[24]</sup>), *The Funding of School Education: Connecting Resources and Learning*, <https://doi.org/10.1787/9789264276147-en>.

Allocating funding in line with equity objectives depends on the use of well-designed formula funding methods. Formula funding is a tool for delivering funding (most commonly as a lump sum transfer or a block grant) to schools based on estimations of their financial needs. For instance, the Philippines and Thailand consider multiple variables in their formulas, such as the number of student enrolments, teachers and classrooms (Lugaz and De Grauwe, 2016<sup>[185]</sup>). Such formulas could also help countries determine where to distribute funding by including weights for certain student or school characteristics, which could help channel more resources to individuals with multiple and intersecting risk factors, such as disability status and school location (i.e. rural versus urban). This was, for example, done in Lithuania (Box 5.7). Similarly, in Indonesia, the funding formula was revised in 2013 to account for the specific situation of small schools, which faced fixed operational costs (e.g. utility bills) despite having fewer students, thereby penalising them. While there is no single funding formula that could work for all countries, there are guiding principles that could help, such as aligning the formulas with school system priorities (including reducing inequities), adequately reflecting different student characteristics, and regularly assessing formulas to determine their appropriateness (OECD, 2017<sup>[24]</sup>).

In addition to regular budgets calculated through formula funding, countries in Southeast Asia have also mobilised additional financial resources for special programmes that target disadvantaged groups. These programmes target a wide range of learners, such as students from low-income households, out-of-school children, students with disabilities, members of indigenous communities and learners in rural areas, among others (Table 5.17). Funding mechanisms for these programmes are often either block grants, where national authorities (e.g. Ministry of Education) provide funding only for current expenditures but provide more leeway for subnational authorities to decide on how to use that funding, or earmarked grants, where national authorities have pre-determined what specific elements, financial resources must be spent on. While most of the programmes in Table 5.17 are targeted towards schools, national governments in Southeast Asia also have initiatives that transfer financial resources directly to students and their families, such as scholarships (e.g. Cambodia's Ministry of Education, Youth and Sports scholarship programmes), stipends (e.g. Myanmar's Student Stipends Program) and conditional cash transfer programmes (e.g. Indonesia's Program Keluarga Harapan) (UNESCO, 2020<sup>[186]</sup>).

**Table 5.17. Policies and programmes to provide resources to disadvantaged learners in Southeast Asia**

Country	Programme	Objective	Level of governance in charge of allocation	Description of funding provisions
Brunei Darussalam	Inclusive Education Strategic Initiative (under the Ministry of Education Strategic Plan 2018-2022)	To improve system-wide inclusion by ensuring access to quality learning and educational attainment opportunities for all learners with diverse needs	National (Ministry of Education)	No information available
	Community-Based Rehabilitation Programmes (under the National Framework on Child Protection [NFCP] 2020)	To promote the development, welfare, and well-being of persons with different abilities, with the support of the community, including employers	National (Ministry of Culture, Youth and Sports)	No information available

Country	Programme	Objective	Level of governance in charge of allocation	Description of funding provisions
Cambodia	Basic Education Equivalency Programme	To expand post-secondary education programmes and youth centres for out-of-school youth and increase the number of young people attending basic education	No information available	USD 40 million for the 2018-2023 period (2% of expenditure in education)
Myanmar	Compulsory and Inclusive Education Programme (under the National Education Strategic Plan 2016-2021)	To support access to TVET for disadvantaged students with less opportunities and for persons with disabilities	Subnational (township education offices)	No information available
	Science, Technology, and Innovation Strategic Plan (2022-2027)			
Philippines	Indigenous Peoples Education Program	To implement the development of curricula and learning resources, capacity building, and education planning	Subnational (regional offices)	USD 5.3 million in 2017 (0.05% of the 2017 education budget)
	The Madrasah Education Program	To integrate educational content and competencies which are relevant and of interest to Muslim learners	National (Department of Education)	USD 16.5 million in 2017 (0.12% of the education budget)
	Co-curricular and Special Learning Support Program Development	To provide funding for the organisation of extension classes for all children of school age, the creation of new teaching positions, the construction and repair of school buildings and the provision of learning materials	No information available	USD 193.9 million in 2017 (1.98% of the education budget)
Singapore	Edusave Grants of Edusave Endowment Fund	To enhance the quality of teaching and learning or to support the purchase of additional educational resources for students	National (Ministry of Education)	No information available
	Opportunity Fund Grants of Edusave Endowment Fund	To level up co-curricular development opportunities for Singaporean students from low-income households	National (Ministry of Education)	No information available
Thailand	Office of the Basic Education Commission Funding and the Educational Fund for Students with Disabilities	To support special schools in rural areas and allow them to accommodate students with disabilities	National (Ministry of Education)	USD 300 per year for each inclusive elementary school Additional USD 60 salary pay per month for teachers in special education who work more than 18 hours a week
	Strong Tambon School Project	To support the development of rural schools and improve the quality of education	National (Ministry of Education)	USD 31 000 for 836 schools to renovate and repair their facilities, improve the landscape and obtain instructional materials in 2013.

Source: Brunei Darussalam Ministry of Culture, Youth and Sports (2020<sub>[187]</sub>), *National Framework on Child Protection (NFCP)*, <http://japem.gov.bn/documents/nfcp.pdf>; Brunei Darussalam (2018<sub>[47]</sub>), *Ministry of Education Strategic Plan 2018-2022*, [www.moe.gov.bn/DocumentDownloads/Strategic%20Plan%20Book%202018-2022/Strategic%20plan%202018-2022.pdf](http://www.moe.gov.bn/DocumentDownloads/Strategic%20Plan%20Book%202018-2022/Strategic%20plan%202018-2022.pdf); Myanmar Ministry of Education (2016<sub>[188]</sub>), *National Education Strategic Plan 2016-2021*, [https://planipolis.iiep.unesco.org/sites/default/files/ressources/myanmar\\_nesp-english.pdf](https://planipolis.iiep.unesco.org/sites/default/files/ressources/myanmar_nesp-english.pdf); UNESCO (2020<sub>[186]</sub>), *Profiles Enhancing Education Reviews (PEER)*, <https://education-profiles.org/>.



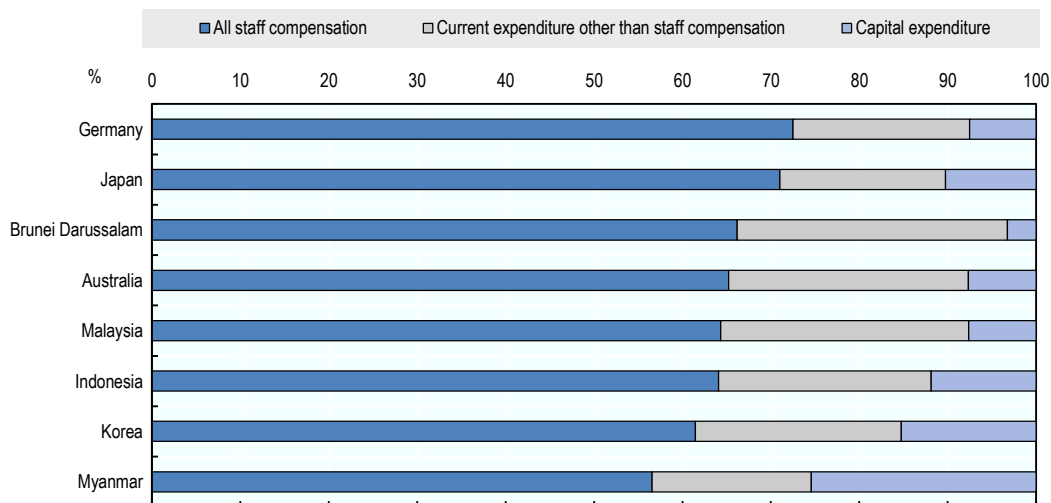
## Monitoring and evaluating funding allocation

Methods for equitably allocating funding should also be coupled with strong monitoring and evaluation systems. Monitoring systems must be updated regularly and be capable of clearly tracking the specific elements financial resources are spent on, such as staff compensation, learning materials, utilities, and infrastructure, among others. For instance, information may be collected either by ministries of education or ministries of finance through annual financial reports or through national accounts books managed by the national statistical agency and then reported to international partners to allow for cross-country comparisons (UNESCO, 2022<sup>[189]</sup>). For instance, Figure 5.9 shows that the composition of expenditure on public education in countries in Southeast Asia remains like those in OECD countries. Across all countries surveyed, all staff compensation constitutes the biggest proportion of educational expenditure, followed by current expenses, such as schoolbooks and teaching materials, food and transport costs, and administrative activities.

Having a monitoring mechanism for educational expenditures upholds transparency in the financial management of skills development systems. At the country level, monitoring expenditures allows national governments to see whether funds have been spent appropriately and in accordance with the approved budget. It also allows governments to regularly gather data on whether initiatives have received their allocated funding. At the more local levels, including within schools, monitoring expenditure helps track the efficient use of resources, allowing school heads to respond quickly in the case of potential overspending and underspending (De Bruin, 2014<sup>[190]</sup>; Global Partnership for Education, 2022<sup>[168]</sup>). In Southeast Asian countries, monitoring mechanisms consist of multiple components. For instance, in Indonesia, these mechanisms include the submission of financial reports that are often prepared by head teachers and school accountants, the analysis of these financial reports by national authorities, as well as the conduct of school visits by oversight agencies (Lugaz and De Grauwe, 2016<sup>[185]</sup>).

**Figure 5.9. Educational expenditure by nature of spending in public educational institutions in Southeast Asia and selected OECD countries, 2019 or latest available year**

Percentage of educational expenditure



Notes: All staff compensation includes salaries, contributions by employers for staff retirement programmes, and other allowances and benefits. Current expenditure other than for staff compensation includes expenditure on schoolbooks and teaching materials, ancillary services (e.g. food, transport), and administration and other support activities. Capital expenditure includes expenditure for construction, renovation and major repairs of buildings and the purchase of heavy equipment or vehicles. Due to a lack of available data, the latest available year was used: Australia and Indonesia (2015); Brunei Darussalam (2016); Germany, Japan and Korea (2018); and Malaysia and Myanmar (2019).

Source: UNESCO Institute for Statistics (2022<sup>[191]</sup>), *Education Finance*, <http://uis.unesco.org/en/topic/education-finance>.

Once expenditure data has been monitored and gathered, the use of evaluation exercises can help determine whether financial resources have been effective in achieving policy objectives. Evaluation provides information on what funds have achieved. For instance, it allows policy makers to determine whether money spent on purchasing schoolbooks translates into higher literacy rates among learners or if funds spent on organising remedial classes help close the gap between low-performing and high-performing students. In the United Kingdom, Ofsted is tasked with conducting such evaluations (Box 5.7). Budget evaluation is often the last stage of the budget cycle and involves auditing processes or financial report analyses conducted by both internal (i.e. within ministries of education) and external (e.g. through a supreme audit institution or national audit office) bodies (OECD, 2017<sup>[24]</sup>). In Indonesia, higher-level authorities from the School Operational Assistance Program evaluate financial reports submitted by schools and regularly provide them with feedback, jointly identifying points of improvement (Lugaz and De Grauwe, 2016<sup>[185]</sup>).

Evaluating funding for skills programmes could benefit from the participation of a wide range of stakeholders to promote transparency. School boards are composed of a holistic set of stakeholders, such as parents, teachers, the local community, and sometimes even students, who can participate in reviewing the expenditure of schools and help provide accountability through the creation of a system of checks and balances (OECD, 2017<sup>[24]</sup>). Some countries in Southeast Asia have adopted policies in recognition of the contributions that school boards could make to the budget evaluation process. For instance, in Singapore, the School Boards (Incorporation) Act 1990 outlines the powers and responsibilities of school boards, which includes the management of schools' expenses (Singapore Statutes Online, 1990<sup>[192]</sup>). In the Philippines, the Local Government Code of 1991 (Republic Act No. 7160) provides for the establishment of a local school board, which has the power to allocate, execute and evaluate budgets. School boards are diverse in membership and include local officials, youth representatives, parent-teacher association members, teacher associations, and non-academic personnel in public schools. However, in practice, the use of school boards in the country has many challenges, such as an inadequate infrastructure for monitoring expenditures, weak planning and budgeting practices, and a lack of mechanisms to ensure transparency and accountability in school budgets (Robredo, 2012<sup>[193]</sup>).

### **Box 5.7. Country examples relevant to allocating financial resources equitably and effectively**

#### **Lithuania's reforms for funding distribution**

In 2001, Lithuania introduced reforms in how funding formulas were designed to support new policy priorities, specifically a renewed focus on eliminating urban-rural disparities in education. The funding formula, computed on a per-student basis, contained 67 weighting coefficient values based on student characteristics (e.g. school year, special education needs, ethnic minority status) and school characteristics (e.g. size, location and type of school). As a result, students with intersecting characteristics associated with disadvantages in learning, such as a student with special education needs in a small school in a rural area, would receive additional funding.

#### **Philippines' Block Grant to disadvantaged schools in Autonomous Region in Muslim Mindanao**

In line with the Governance of Basic Education Act of 2001 (Republic Act No. 9155), a block grant of PHP 25 million (Philippine pesos) (around USD 423 000) is provided to the Autonomous Region in Muslim Mindanao to improve the learning outcomes of students in disadvantaged schools. Schools exercise discretion on the specific activities to spend these financial resources on as long as they align with the Department of Education's objectives of enhancing the teaching and learning experience, improving school management and improving learning conditions in disadvantaged schools.

### United Kingdom's Pupil Premium Funds

The UK Department of Education has established a funding scheme called the Pupil Premium funds to provide additional resources to schools with disadvantaged students and close the achievement gap between them and their more advantaged counterparts. Such funds are provided on a per-student basis. While schools have the autonomy to make decisions on how to spend the resources based on needs, they are required to publish online information about how funds from the Pupil Premium scheme have been spent, as well as the learning outcomes of the students they are targeting. The Office for Standards in Education, Children's Services and Skills (Ofsted), the English inspection agency, is tasked to closely monitor the reporting of such funds and has the mandate of conducting more thorough evaluations. Ofsted routinely gathers evidence (mostly in-house, although occasionally in partnership with other research organisations) to inform their standards of high-quality education, which are then used as a benchmark when evaluating schools' financial decisions.

Source: OECD (2017<sup>[24]</sup>), *The Funding of School Education: Connecting Resources and Learning*, <https://doi.org/10.1787/9789264276147-en>; Ofsted (2020<sup>[194]</sup>), *Why we do research at Ofsted*, [www.gov.uk/government/news/why-we-do-research-at-ofsted](http://www.gov.uk/government/news/why-we-do-research-at-ofsted); Philippines Department of Education (2015<sup>[195]</sup>), *Guidelines on School-based Management (SBM) Grants for Fiscal Year (FY) 2014*, [www.deped.gov.ph/wp-content/uploads/2015/09/DO\\_s2015\\_45-1.pdf](http://www.deped.gov.ph/wp-content/uploads/2015/09/DO_s2015_45-1.pdf).

### Recommendations for allocating financial resources equitably and effectively

- **Design a funding formula that allocates adequate financial resources to disadvantaged learners.** In accordance with skills policy priorities, identify target groups of students or schools that most need resources and include their specific characteristics (e.g. gender, socio-economic background, special education needs, ethnic minority status) in the funding formula. Assign greater weights to their characteristics to allocate more funding to these groups. Ensure that such formulas capture the different per-student costs of various types of learners and that the resulting educational budgets account for individual characteristics that compound on each other (e.g. greater allocation for students with disabilities in rural schools in comparison to students without disabilities in the same school).
- **Establish strong monitoring and evaluation systems to ensure the effectiveness of allocation arrangements.** Set up mechanisms for the routine collection of information on expenditure at the school level, such as through the submission of financial reports. Ensure that such reports clearly cover spending on various elements of the entire school system, such as staff compensation, the purchase of learning materials, utility costs and infrastructure maintenance costs, among others. Using the information gathered through continuous monitoring, conduct evaluation exercises that determine whether spending has contributed to improving student outcomes and achieving skills policy objectives in general. This could be done in co-ordination with auditing bodies (whether internal or external), as well as with a wide variety of stakeholders, such as through school boards.

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## Notes

1. Indonesia, Malaysia, the Philippines and Thailand have specialised Ministries of Higher Education.
2. The three learning approaches stipulated in the law are: 1) school-based training; 2) competency-based training; and 3) dual-cooperative training.
3. Countries included in the ASEAN average are Viet Nam (0.46%), Thailand (0.15%), Malaysia (0.09%), the Philippines (0.07%), and Lao PDR (0.03%).



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