

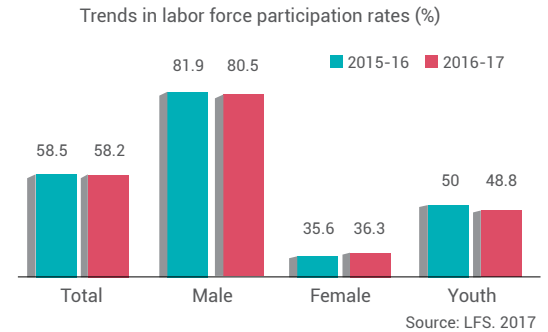
# Post-COVID-19 ICT Roadmap: The Employment and Skills sector

## How the Roadmap came to be

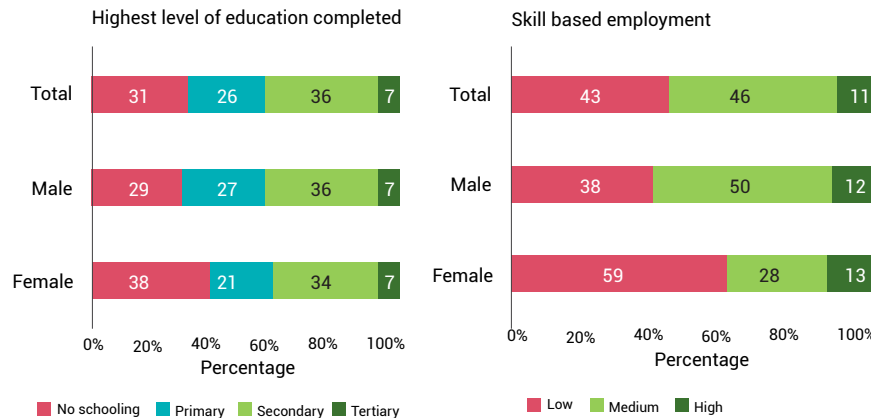
With the growing certainty that COVID-19 is here to stay, the ICT Division of the Government of Bangladesh is developing a roadmap to fight the pandemic and ensuing crisis and to find innovative ways to flourish in the 'new normal'. Employment and Skills is one of the 18 priority sectors selected based on the impact of COVID-19 on the sector and its potential for transformation of the economy and society.

## Why the Employment and Skills sector

The slower pace of new job creation has prevented accrual of the benefits of Bangladesh's demographic dividend, despite maintaining an impressive 7% GDP growth over the last half decade and remarkable progress in human development indicators. Employment elasticity of growth is showing a falling trend in recent years, indicating declining capacity of growth to generate employment. Although the economy has generated about 1.15 million jobs per year over the past decade, growth in the working-age population is argued to have outpaced job creation rate. Even with the official unemployment rate at 4.2% which accounts for 2.6 million of the labour force, a disquieting trend in Bangladesh is that the youth unemployment rate is about 10% while for the youths with a bachelor or higher education the unemployment rate further rises to 34%. Out of the total youth population, aged 15 to 29, of 43.6 million which is 40% of the total labour force, 80% (i.e., a whopping 34 million) youths have been categorised officially as 'Not in Education, Employment or Training (NEET)'.



Despite improvements in education, the quality of the labour force is woefully weak. According to LFS 2016-17, some 32% of the workforce did not have any education, 26% had only primary level education, and less than 6% had tertiary education. Evidence also shows that the quality of education and training is very weak (Ahmed and Sattar 2020; ADB-ILO 2016; World Bank 2013a). Studies have found evidence of significant skill mismatch in the overall and industry specific job markets and raised concerns over hiring overseas employees due to the scarcity of skilled labour force (Bangladesh Institute of Development Studies, 2017; Rahman & Al-Hasan, 2019).

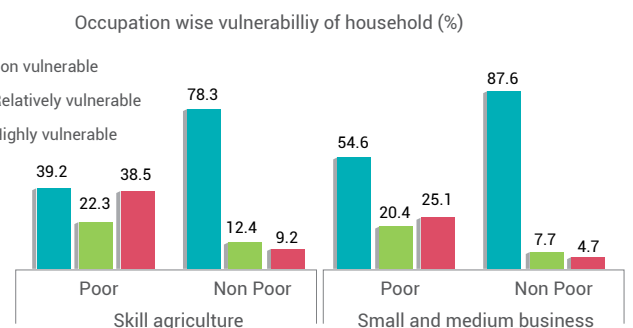


## Impact of COVID-19

COVID-19 has further intensified the daunting tasks of job creation with economic activities of the country staggering at a low pace for several months. The result has been a loss in income and employment for millions of people, especially those engaged in small scale manufacturing employment and service sectors, not to mention 85% of the labour force who are engaged in informal employment, living on daily or weekly earnings. Informality in the labour market has further made the task of identification of the affected difficult; accessing the incentive packages offered by the GoB has become even more complex especially for the cottage, micro, small, and medium enterprises (CMSMEs). A faster adoption of Fourth Industrial Revolution (4IR) by the developed countries as a by-product of social distancing, can pose threat to labour market opportunities of the low skilled economies like Bangladesh. ICT can play a leading role in coordinating among different agents of the labour market and to bridge the gap between the demand and supply sides.

## Constraints

Low female labour force participation, youth unemployment and youth NEET, and erosion of real wage are the major challenges facing the Bangladesh labour market right now. The poor skill base of its labour with as high as 31% of its labour force found to have no education and only 7% having tertiary education, is a primary obstacle that the country must address. Further aggravating the situation is the mismatch of skills between the supply and demand sides of the market resulting in the phenomenon of educated unemployed in the labour market. Slow pace of growth of private investment in recent years with the ratio of private investment to GDP being almost constant at around 23% can also be argued as one of the major obstacles of employment generation in the economy. The ongoing process of structural transformation combined with robust productivity growth, slowdown in unskilled labour absorption in RMG, and more capital deepening in manufacturing sector have also contributed to the rise in unemployment.



Source: Authors' calculation based on HICS 2016

## Action Agenda

Taking learnings from local and global best practices and to tackle: (i) the effects of the pandemic, and (ii) the existing systemic and regulatory shortcomings of the employment and skills sector and ICT in the employment and skills sector, the ICT Ministry is proposing the following five interventions in the immediate short term:

Title	Universal Employability Registry (for both the employed and unemployed)	National strategy to revamp all training and skill development curricula for upskilling of human resources in a more [employers'] need-based fashion, while targeting 4IR and automation	Introducing an online platform for small-scale loans for the CMSMEs	Employment generation schemes through provision of small-scale online loans for specific sections of the economy [rural poor, RMG workers, returnee migrant workers, and women]	Emergency Employment creation program
Why	The key labour market challenge for Bangladesh of identification of the potential job seekers with other relevant information through a central database. Also the growing skill mismatch between the demand and supply side of the job market	The growing skill mismatch between the demand and supply side of the market; the emergence of greater automation, digitalisation, and 4IR	The high degree of formality and complexity in the loan disbursement process, the CMSMEs are often unable to take advantage of incentive packages and budgetary allocation	Given the recessionary situation of the world economy, falling oil prices, and bleak prospect of private investment and job creation, it is important to devise policies to generate self-employment opportunities for the most affected sections of the population	Due to COVID-19, a lot of people in informal employment have lost their job/ business and many of them have even fallen below the poverty line. It is extremely crucial to design strategies that can support their livelihood at least in the short term until they can find an alternative employment
What	A digital record keeping hub where any and all individual of employable age, irrespective of sex and social class, can register, roping in the 85% in the informal sector. Additionally, employers from ALL sectors will mandatorily register their employee database, new job postings, etc., helping those registered as unemployed to seek opportunities, giving the entire ecosystem a realistic overview of the demand and supply situation. This can serve as a basis for national level strategic decision-making and policy reforms	Re-design the course curriculum incorporating all training institutions in view of labour market needs of all sectors, COVID-19, and 4IR and to provide an internationally accepted certification/ accreditation system. Introduce ToTs to fill the prevailing shortage and to meet future demand of trainers and instructors in the pedagogy of employer need-based, 4IR, and automation	A comprehensive online portal through which the CMSMEs can seek loan and upload relevant documents. Informal organizations without proper documentation may get a grace period of 3 months when they can be offered and small-scale loans on a conditional basis	An online platform under the respective ministries offering loans in flexible terms with simplified application and approval process requiring minimum documentation and formalities. Sectors can be pre-determined and technical assistance and trainings maybe provided according to the needs of the different sections of population	Identification of most vulnerable and arrange emergency job program. Use standard format for data capturing and SoPs until using Universal Employability Registry will lead to assessments of applications and then eventual disbursement through the Registry and National Identification [NID] no.
Lead Agency	ICT division	TVET under Ministry of Education	SME Foundation/ Ministry of Industry	ICT Division	Ministry of Labour
Implementing Agencies/ Actors	National Skill Development Authority, Ministry of Labour	Ministry of Labour, Ministry of Expatriates' Welfare and Overseas Employment, Ministry of Youth, Ministry of Local Government and Rural Development, Ministry of Women and Children Affairs	Ministry of Labour, Ministry of Expatriates' Welfare and Overseas Employment, Ministry of Youth, Ministry of Local Government and Rural Development, Ministry of Women and Children Affairs	Ministry of Labour, Ministry of Expatriates' Welfare and Overseas Employment, Ministry of Youth, Ministry of Local Government and Rural Development, Ministry of Women and Children Affairs	Ministry of Labour, Ministry of Expatriates' Welfare and Overseas Employment, Ministry of Youth, Ministry of Local Government and Rural Development, Ministry of Women and Children Affairs
Coordinator	ICT Division	ICT Division	ICT Division	ICT Division	ICT Division
Govt. Partners	Ministry of Expatriate Welfare along with BMET, Ministry of Industry and Ministry of Commerce, BBS, local level representatives of the government	Ministry of Expatriates' Welfare along with BMET, Ministry of Industry and Ministry of Commerce, BBS, local level representatives of the government	Bangladesh Bank, local level government representatives	Ministry of Commerce, Ministry of Women and Children's Affairs, Bangladesh Bank, BMET, Ministry of Industry, Ministry of Education National Skill Development Corporation, Ministry of Social Welfare, Ministry of Food, Krishi Bank	Ministry of Expatriate Welfare along with BMET, Ministry of Industry and Ministry of Commerce, BBS, local level representatives of the government
Pvt Sector Partners	Local level NGOs, BGMEA, BKMEA, MCCI, DCCI	MCCI, leading TVET organizations/Skills training organization/Accreditation council in destination countries for migrants/NGOs	PKSF, NGOs, sectoral representatives	Bangladesh Trade Union Forum, BRAC, BASIS, DCCI/MCCI, SME Foundation, Joyeeta, Women Chamber of Commerce, financial intermediaries	Bangladesh Employers' Federation/e-CAB
Financing and modality	Ministry of Finance/Development partners	Ministry of Finance/Private sector business associations/Development partners	Ministry of Finance/Private sector business associations/Development partners	Ministry of Finance/Private sector business associations/Development partners	Ministry of Finance/Private sector business associations/Development partners

- 1) During 2005-06 to 2009-10 employment elasticity was 0.55 which has fallen to 0.25 during 2009-10 to 2017-18 with employment elasticity in manufacturing sector fallen from 0.87 to 0.65 (Authors' own calculation).
- 2) Bangladesh Labour Force Survey, 2017