



# ► Policy Brief

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## Tripartite Sector Skills Bodies

### Key points

- ▶ Tripartite Sector Skills Bodies (SSBs) aim to increase and strengthen the involvement of industry, both employers and workers, in the way skill systems are governed and operate.
- ▶ SSBs have a long history in many countries and are now attracting renewed attention as more countries adopt a sectoral approach to skills development.
- ▶ Whilst SSBs often share common features and tripartite membership, their structure and mandate varies widely.
- ▶ When considering the establishment of SSBs, there is a need to carefully assess their roles and responsibilities to ensure they complement other policy interventions.
- ▶ A key success factor is the degree of autonomy they have. Without meaningful roles in the skill system and freedom to act, they will not attract senior industry representation.
- ▶ SSBs take on a varied mandate including: policy advice and feedback; generating and/or interpreting skills and labour market information; developing and maintaining skills standards; undertaking quality assurance; managing and promoting apprenticeships; delivery and co-ordinating training in the sector; administering training funds; promoting the benefits of training and promoting careers information, advice and guidance
- ▶ The way in which the SSBs are structured - as separate organisations or committees - will influence the extent to which SSBs can have real impact in an industry sector.
- ▶ Sustainable financing of SSBs is often challenging. International experience suggests that funding is likely to be most effective if a hybrid model is adopted where government pays for services and outputs they contract SSBs to undertake.

### Objective

Drawing on existing research on SSBs and ongoing ILO country level support to constituents as they establish or review sector skills bodies, this policy brief outlines some of the issues that need to be addressed when establishing and operating SSBs.

The brief examines the different mandates and structures that have been adopted internationally and presents a number of key actions that will improve the likelihood of sustainable SSBs being established.

As evident from international experience, SSBs have proven to be a useful mechanism for increasing industry engagement in key aspects of the governance and

operation of skill systems (CEDEFOP 2020, ILO & World Bank 2017, Powell 2016, ETF 2013).

SSBs operate under different names including Sector Skills Councils, Industry Training Committees, Workforce Development Councils and Human Resource Development Councils, but for ease and consistency they are referred in this policy brief collectively as Sector Skills Bodies (SSBs).

As a result of the dynamic policy environments in which SSBs operate, the country examples included in this brief have been drawn from different periods of time when SSBs operated in different countries and may not reflect current practice at the time of reading.

## Introduction

Employers and workers have been an integral part of technical and vocational education and training (TVET) from its early beginnings where master-craft persons passed on their skills and knowledge to apprentices. This approach is still at the heart of many TVET systems where strong apprenticeship systems exist and there is evidence of tripartite engagement in the design and delivery of TVET. However, in many countries, over time, the education system gradually took on greater responsibility for TVET and over time, employers and workers became more peripheral.

In recent decades however there has been ongoing effort to increase industry engagement in TVET and skill systems. During the 1990's in particular, as the TVET reform agenda in many countries accelerated, a number of countries either established or revamped existing sector skills bodies to give a renewed push to industry engagement at the sector level; Canada, Australia, South Africa, New Zealand, The Netherlands, Denmark and the United Kingdom for example all gave these sector bodies significant roles in their skill systems. (Powell 2016)

Whilst the concept of SSBs was similar across these countries, the way they were structured and the roles they were given varied widely, reflecting national needs and existing institutional arrangements. What they had in common was that they were largely sectoral and brought together tripartite partners. They were typically tasked with providing advice on current and future skills needs in their sector, articulating the skills and knowledge required to become competent in specific occupations (often through the development of skills standards), as well developing or approving qualifications and apprenticeship frameworks.

They were commonly established as autonomous bodies, independent of government, but with an official remit typically outlined in legislation and overseen by a government body or ministry.

Since these first SSBs were established, they have evolved over time, often quite considerably. These changes reflect different government policy and available funding and employer commitment. Some countries such as Canada and New Zealand changed the focus of their SSBs, whereas in others, such as the Netherlands and the United Kingdom, SSBs no longer have a formal role and only a few still operate.

In the last decade, SSBs have again become a focus of policy attention with many countries, especially in the global south, exploring their potential through pilots or large scale policy initiatives to adopt sectoral approaches and strengthen industry involvement in TVET. Consequently, SSBs are emerging as a more common feature in TVET strategies and TVET reform. As a result, a wide variety of countries have

established or are in the process of establishing SSBs, including Bangladesh, Brazil, Cambodia, Chile, Denmark, Ethiopia, the Gambia, Ghana, India, Jordan, Malaysia, Singapore, Tanzania, Lebanon and Vietnam. Many more are beginning to set out on a similar journey.

## The rationale for establishing Sector Skills Bodies

The first and most important step on the journey is to determine why SSBs should be established and to be clear about what issues in the skill system they will address. SSBs should not be introduced on a whim, or because they are advocated by a particular development partner. A key question is: 'What key issues in the system will SSBs address and how should they be structured and resourced to do so?'

Considering whether there is a need to introduce SSBs or a similar policy intervention to encourage more industry involvement in TVET is typically undertaken as part of a review of national policy or a review of the performance of the TVET and skill system. This should involve widespread consultation with key public and private sector stakeholders as well as those involved in designing and delivering TVET. (VET Toolbox 2020)

Such a review should explicitly examine the role of industry and the extent to which employers and workers are involved in the different functions and governance structures in the system. It should also review the wider institutional arrangements so that the strengths and weaknesses of existing organisations are known. Without this strategic review of industry engagement and institutional arrangements, it will be difficult to fully understand the roles and responsibilities that SSBs should be given and the structure and resourcing necessary for them to undertake that role.

SSBs are introduced to address a wide variety of issues where a greater contribution and commitment from industry is thought to be needed. SSBs can play a role in:

- Understanding the future skill needs of a sector and ensuring that learners can develop appropriate skills for the future
- Addressing a gap between what skills a sector is seeking and what is being delivered by TVET institutions
- Taking forward innovative skills solutions to address labour market changes, such as automation and globalisation
- Increasing the amount of employer investment in training and skills development

- Addressing youth unemployment and reducing the reliance on migrant labour
- Supporting and promoting government and industry skills initiatives
- Promoting skills development to employers and workers in a sector

In assessing these challenges, it is important to judge whether establishing SSBs would be the most effective solution and whether other interventions may also be needed. It is unlikely that introducing SSBs will address a specific problem on its own and they may need to be considered as part of a range of policy interventions, such as reforming qualifications and curriculum; placing greater emphasis on workbased learning through apprenticeships and internships; making teacher training more relevant or investing in TVET institutions.

SSBs are often well placed to lead on many of these policy interventions, so the range of possible SSB roles should be considered holistically. However, there is also a risk that unrealistic expectations are placed on SSBs and that their performance is open to criticism when they fail to meet unrealistic goals.

Holding consultation events with key stakeholders is a good way to gather consensus on the current needs of the labour market and the challenges that exist in the TVET system. Securing agreement on these issues, helps policy makers and stakeholders identify the potential role and structure of SSBs as well as identify other policy interventions that need to be implemented alongside SSBs. This consultative approach is also important to raise awareness about the potential role of the SSB and to secure the commitment and support from key public and private stakeholders.



## Roles and responsibilities of Sector Skills Bodies

One of the key factors that determine the way the SSB operates is its terms of reference. These should be shaped by what the SSB is being set up to achieve and will be influenced by a number of factors such as:

- Existing institutions: the roles and responsibilities of existing organisations in the TVET system and whether the SSB is better placed to undertake the role;
- Available resources: the funding and resources available to support the range of activities earmarked for the SSB and the size of a secretariat required to take the day-to-day work forward;
- Extent of employer commitment: whether there is sufficient employer motivation to move forward the range of activities outlined.

Whilst most countries have adopted the same terms of reference across each SSB, in Canada for example, their SSBs, called HR Resource Development Councils, have different roles and responsibilities to reflect the needs of their sectors. An alternative approach is to initially give SSBs a narrow range of responsibilities and then expand them over time once the SSB has created sufficient momentum in their sector. This enables the SSB to focus and helps them manage expectations with stake-holders.

Regardless of the roles and responsibilities that an SSB may have, they must be agreed through a process of social dialogue and not simply imposed on sector stakeholders without meaningful engagement and dialogue. Without this engagement, efforts to establish SSB will fail. (ILO 2021)

This wide variety of potential roles and responsibilities are summarised below:

- Providing policy advice and feedback
- Generating and/or interpreting skills and labour market information
- Developing and maintaining skill standards
- Developing qualifications
- Developing curriculum and learning resources
- Developing apprenticeship pathways
- Supporting quality assurance of training providers, courses and assessors
- Promoting the benefits of training
- Promoting careers information, advice and guidance
- Contributing to training delivery and assessment
- Supporting the professional development of teachers, trainers and assessors
- Managing and promoting apprenticeships
- Co-ordinating training in the sector
- Managing government training initiatives and programmes
- Administering levy funds
- Managing assessment

As shown in Table 1, these roles can be categorised into four broad SSB functions:

- Advise
- Design
- Support
- Manage

A number of these key functions are discussed briefly below (more detail can be found in ILO 2021).

► **Table 1: Possible SSB roles across four key functions**

Advise	Design	Support	Manage
Provide policy advice and feedback	Develop and maintain skill standards	Support quality assurance of training providers, courses and assessors	Manage and promote apprenticeships
Generate and/or interpret labour market intelligence	Develop qualifications	Promote the benefits of training	Co-ordinate training in the sector
	Develop curriculum and learning resources	Promote careers information, advice and guidance	Manage government training initiatives and programs
	Develop apprenticeship pathways	Contribute to training delivery and assessment	Administer levy funds
		Support the professional development of teachers, trainers and assessors	Manage assessment and certification



## Provide policy advice and feedback

Governments can use SSBs to come together periodically to advise the government, quality assurance agency and/or TVET institutions on their views of how well the skill system is working for their sector and their thoughts about how the system can be improved.

Countries such as Mozambique, Jamaica and Barbados have adopted this approach. In Brazil, Chile, Colombia and Mexico it is combined with occupational standards development. It provides a relatively cost effective means of gaining industry views, but it doesn't necessarily generate any industry involvement or ownership in taking forward solutions and for this to happen the SSB often requires other roles and responsibilities and a permanent membership to take forward initiatives to address skill issues in the sector.

## Generate and/or interpret skills and labour market information

SSBs commonly have a role in producing and/or interpreting skills and labour market data for their sectors. The extent to which they do this is largely determined by the availability of labour market information and available resources.

In some instances, they have a role in producing primary data. In South Africa, the Sector Education and Training Authorities (SETAs) are expected to collate and publish data from the training submissions made by employers in their sector who wish to receive funding against their levy contributions. In India, the SSBs monitor data from job postings in their sector collected online from a cross-sector portal.

In countries such as Jordan, SSBs are aligned with employer associations and so are able to produce primary research by consulting their members.

SSBs frequently have an important role to produce a sector skills action plan which sets out collective action to address skills mismatch in a sector. This is informed by a wide range of primary and secondary intelligence.

## Develop and maintain skills standards

Another common feature of SSBs is their remit to develop skill standards for occupations or functional areas in their sector. SSBs will identify the main occupations in their sector and potentially produce a career map in order to show the possible career paths into and within their sector. Often this work is an agreed action within a sector skills action plan.

Typically, SSBs produce occupational or competency-based standards that outline the skills and

underpinning knowledge required to undertake specific roles. SSBs, such as in Australia, the Gambia and the Netherlands, produce standards and refresh them on a periodic basis to ensure they reflect current practices and skill needs. They are then typically validated by a quality assurance body. These standards are used to inform the development of training programmes and qualifications to ensure they reflect the skills and knowledge required by industry. (VET Toolbox 2020)

SSBs may be responsible for developing training standards, either in addition to occupational standards or instead of them. In India, the SSBs are directly responsible for developing training standards that are then used by TVET institutions.

Given their role in developing skills standards, some SSBs also approve qualifications and training that are submitted by awarding organisations, employers and TVET institutions. This is the case in South Africa where employers submit their training plans for approval by their SETAs to obtain levy relief.

## Undertake quality assurance

SSBs have taken responsibility for a range of quality assurance roles as they can give confidence to employers, prospective learners and government that learning provision reflects labour market needs. (ILO 2021)

In India and Bangladesh, the SSBs quality assure and certify the qualifications they have developed. This means they have visibility over the delivery of the qualifications they have designed and in the case of India, this provides an important income stream for the SSB.

In other countries such as South Africa and the Netherlands, the SSB quality assure training programmes submitted by employers and learning providers. The SSB will generally assess the training programmes against the skills standards that have been developed to ensure that the training programmes are robust and reflect the relevant content of the skills standards.

In the United Kingdom, the former SSBs were initially tasked with approving qualifications developed by awarding organisations. As well as approving training programmes and qualifications, SSBs also quality assure those delivering the programmes. In Canada, some Human Resource Development Councils accredit and quality assure TVET institutions. (Powell 2016)

The SSB can also be responsible for identifying and approving the assessors which ensures they have the required skills and experience to effectively assess the learner.

## Manage and promote apprenticeships

Apprenticeships have long held an important place in many TVET systems and in recent years there has been renewed emphasis on them as a means to revitalise workbased learning and tackle youth unemployment

SSBs have played an important role in supporting the adoption of apprenticeships in their sectors; both in the design of the apprenticeship, as well as supporting its delivery, quality assurance and promoting it to sector businesses and prospective apprentices. (ILO 2019) Their roles have included:

- Contributing to the development of policy and legislation that shapes the apprenticeship system
- Identifying apprenticeship programmes and pathways in their sector
- Developing and/or managing the assessment of apprentices
- Certifying the apprentices
- Encouraging the take up of apprenticeships by making the case to employers
- Promoting the sector and apprenticeship opportunities to young people
- Acting as a broker between the potential apprentice and the employer
- Conducting research on the return on investment to employers from apprenticeship schemes.

## Deliver and co-ordinate training in the sector

SSBs can identify a training need and in response design and deliver training to meet that need. In some countries, such as in Brazil and Mexico most training is delivered through TVET institutions linked to the SSB.

In other instances, as in Canada, the SSB may only deliver training if the training is niche, is limited to specific geographic locations or sub-sectors or is required very quickly. The training required may be in response to new legislation, an event such as a major sporting or conference event taking place in the country, new investment in a specific location or in response to a pandemic.

In the UK, the SSBs there established a number of national academies which networked training organisations operating in their sector and enabled greater coordination of training effort. (Powell 2016)

## Administer training funds

The SSB may be given a role to administer training funds. Funds may come directly from government, but

are more likely to be generated from a levy and the SSB may have a role to allocate the training funds for their sector.

In South Africa, the SSBs are funded through a one percent levy on employers with a minimum payroll of R500,000 (US\$ 28,198). These funds go to central pot, where 80% of a sector's contribution is given to their respective SSB. A small percentage is retained for administration, but the rest is paid out in the form of mandatory and discretionary grants. Mandatory grants are paid to employers who present their training plans and are approved by the SSB. Discretionary grants goes to training that largely benefits smaller, non-levy paying employers. (Powell 2016)

The system means that certain SSBs will receive a greater amount of funding if they have a higher proportion of larger businesses in their sector. Some employers see the levy as a tax and do not submit training plans in order to recoup the cost of the levy.

## Promote the benefits of training

SSBs can have a role to promote the benefits of training and they can do this in a number of ways:

- Make the case for greater investment in staff development as a way to address skill gaps, increase staff retention, increase productivity and reduce accidents. They can underpin this by producing research and evidence that can demonstrate the benefits of training, ideally with case studies from existing businesses in the sector.
- Help employers make it easier to find the right training solutions
- Provide bespoke advice and support to employers to find the best skills development solutions to meet their needs
- Promote tripartite engagement in addressing the skills and professionalising the workforce.

## Promote careers information, advice and guidance

Given its work with tripartite organisations and TVET institutions, the SSB is often well positioned to take a lead or play an important role in terms of promoting careers information, advice and guidance in their sectors. (ILO 2021)

The extent to which they do this depends on available resources and the extent to which there is an existing careers infrastructure operating across all sectors. Among the activities that the SSBs can take forward are:



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- ▶ Developing clear and robust careers pathways that show the suitable career routes into and within the sector and the relevant education and training available to support the programme
- ▶ Hosting and promoting sector job boards that allow businesses to promote job vacancies and promote them to job seekers. In some instances the SSB will support businesses select appropriate candidates through selection centres
- ▶ Engagement with TVET institutions to increase their links with business, promote internships and industrial placement opportunities
- ▶ Attend careers fairs to promote sector career opportunities
- ▶ The SSB can promote careers by providing leaflets to TVET institutions and career advisers or through website content that includes career pathways, case studies of people who have entered the sector, highlighting key businesses and hosting job boards.

## Coverage of Sector Skills Bodies

Different countries have adopted different approaches to both defining sectors and whether SSBs have a presence in each sector. Therefore, the coverage of SSBs varies enormously with some SSBs having a narrow coverage and others much more expansive.

Those countries with well established SSBs have tended to consolidate sectors overtime including South Africa and the Netherlands. The challenge is for the sector to be large enough to have critical mass, whilst at the same time not being too large to dilute the identity and cohesion of the sector, as well as ensure that resources are not being spread too thinly to cover an expanded sector. (Powell 2016)

Given the need to test out the concept and to maximise resources, there is currently a trend to focus on a smaller number of priority sectors, such as in Chile, Cambodia, Ghana, Ethiopia, Indonesia and Vietnam, or to opt for a smaller number of broader sectors such as in Brazil and New Zealand. (ILO 2021)

In Brazil, there are five training authorities which incorporate SSBs. Two of these are in traditional sectors (SENAC which covers commerce and SENAT which covers transport). Two support types of employers: SENAR covers rural businesses and SEBRAE covers small enterprises). SENAI, the largest authority focuses on apprenticeships and workbased training across a number of sectors. There are also SSBs that do not directly cover traditional industrial sectors, but instead cover specific issues such as migrant labour in Jordan. (ILO 2021)

## Structure and governance of Sector Skills Bodies

The structure of the SSB will affect its capacity to carry out its mandate. In thinking about the structure, there are three key considerations:

- the level of autonomy of the SSB from government
- whether the SSB will be formed as a committee or a separate organisation
- the nature of the secretariat that will undertake the day-to-day work of the SSB

Given these factors, some SSBs can be perceived to be closer to government than others. (ILO 2021)

Of the factors most likely to determine whether the SSB is close to government, the availability of resources in the sector is potentially the most important. If the sector cannot financially support the SSB without government support, then it will naturally be closer to government. Often funding is tied to the SSB producing specific outputs laid out by a government. Similarly the secretariat is provided by government, this reduces its autonomy. (Powell 2016)

Even if a SSB operates more autonomously it generally operates under licence by the government and its performance is overseen by a ministry or government body.

In Bangladesh, Ghana, India, Jordan and Vietnam, the SSBs are autonomous bodies but are overseen by a government body and are 'licensed' to fulfil certain roles. In Canada the Human Resource Development Councils have complete autonomy and have no formal role in the TVET system. However, they are funded to undertake specific activities that are agreed with the government. (ILO 2021)

### SSBs as autonomous organisations

If an SSB is set up as a separate organisation, it is usually as a charity or a not-for-profit organisation. The organisation will be made up of a secretariat overseen

by a board or governing council and potentially separate sub-groups focusing on key aspects of the work of the SSB or representing different sectors or geographic regions.

There are various advantages to establishing the SSB as a separate organisation:

- It allows faster progress to be made as the SSB has a dedicated secretariat
- The SSB is more visible within their respective sectors
- Those working in the SSB secretariat can become real specialists for their sectors, which increases engagement, builds confidence with tripartite partners and produces more meaningful outputs (ILO 2021)

A major disadvantage to this approach is the amount of funding required to employ those working in the secretariat and in some cases cover overhead costs. Models in Bangladesh and those being established in Ethiopia and Jordan are aligned to an industry association and therefore the secretariat will come from the industry association. This model works well in those sectors with one main industry association or alternatively if there is agreed collaboration across a number of different industry associations in a sector.

Depending on the broader structure that is being put in place, some countries have opted for activities such as labour market information or job boards to be created centrally and then each SSB makes use of these to reflect their own sectors. This approach is found in India and South Africa and can prove to be a cost-effective option and a way to reduce overall costs. (Powell 2016)

### SSBs as committees

Some SSBs are constituted as committees that convene periodically to undertake their work. They are supported by a secretariat which may be provided by the government or a third-party organisation such as a donor organisation.

These SSBs are typically more government-led and have a limited remit, such as solely developing occupational standards and/or providing labour market information.

A committee approach can be more cost effective and in some cases the lack of funding makes this option more realistic. A disadvantage with the approach is that members may not feel that they are driving the SSB and can be frustrated with the slow pace of progress which is typical of the committee structure, as it is generally supported by a centralised secretariat that may be consecutively supporting a number of SSBs.



▶ **Table 1: Organisational structure of national SSBs**

Operate as separate organisations	Operate as committees
Bangladesh	Australia
Cambodia	Chile
Canada	Colombia
Ethiopia	Ghana
India	Jamaica
Jordan	Malaysia
Netherlands	Mexico
New Zealand	Namibia
Singapore	Tanzania

Typical roles that are required in the secretariat include:

- ▶ Policy engagement: to understand, interpret and influence TVET and sector-specific policy and to engage with policy makers
- ▶ Stakeholder engagement: to engage tripartite partners and TVET institutions to understand their needs, engage them in the work of the SSB and align them with potential solutions and SSB interventions
- ▶ Skills standards development: to consult stakeholders to develop and refresh skill standards
- ▶ Labour market information: to produce and analyse primary and secondary research to better understand the skills and labour market needs of the sector

## The SSB secretariat

The secretariat supports members to take forward the day-to-day work of the SSB. This may be part of a standalone SSB, or as part of a centralised secretariat that supports a number of different SSBs.

The size of the secretariat will vary depending on:

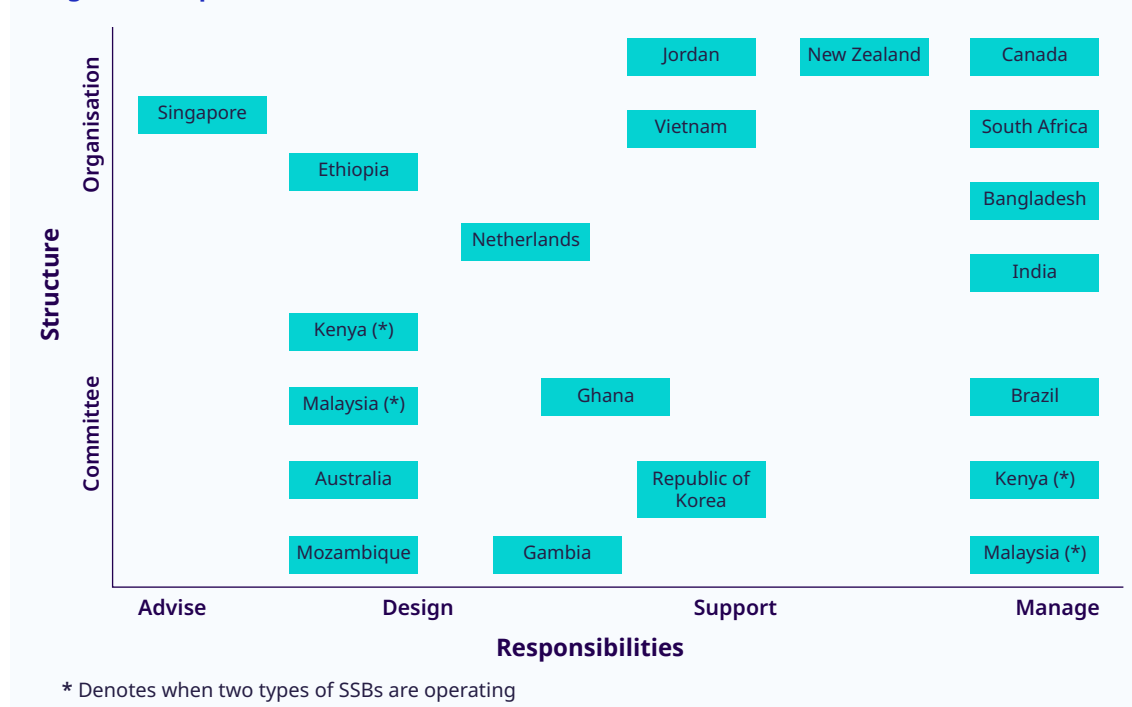
- ▶ The mandate of the SSB
- ▶ The size of the sector
- ▶ The size and geographic nature of the country
- ▶ Available funding

Some of these can be combined and undertaken by more than one person. Certain functions can also be done centrally or outsourced which reduces the resources and expertise required in the SSB. Secretariats based in organisations also typically are led by a senior manager or chief executive.

Figure 1 shows a range of international SSBs mapped against their range of responsibilities and whether they are structured as a separate organisation or as a committee.

It suggests that fewer SSBs take on a more expansive mandate if they are structured as a committee compared to those established as separate organisations. (ILO 2021)

▶ **Figure 1: Responsibilities and structure of a selection of international SSBs**



## SSB membership

Successful SSBs are based on a broad tripartite coalition of stakeholders in their sectors. (ILO & OECD 2020)  
Stakeholders will typically include:

- Employers (of all sizes and from the sub-sectors making up the sector)
- Worker representatives, including trade unions
- Industry associations
- Government ministries and agencies
- TVET institutions
- Specialist agencies, such as research agencies

A tripartite and more inclusive membership is recommended as this has proved to be the most effective approach in bringing all key stakeholders together to drive the direction of the SSB and oversee its operation. (ILO 2021)

Employer members can be nominated by industry associations or other partners or alternatively volunteers sought. Ideally, the membership should reflect:

- The range of sub-sectors
- Different sizes of business
- Geographic coverage (although this can be challenging if travel to meetings is required)
- Employers that primarily target the export or domestic markets

Engaging a diverse range of partners can be challenging if there is not a tradition of social dialogue in the sector.

## Funding of Sector Skills Bodies

Funding can be one of the one of the most challenging areas to address in terms of both establishing and sustaining SSBs. A number of approaches have been tried globally, not all of which have been successful. Fundamentally, there are four distinct funding models that have been used:

1. Government funded model;
2. Employer funded model;
3. Third-party / income generating model;
4. Hybrid model (ILO 2021)

At the outset policy makers need to consider what the most sustainable funding model can be for the SSB. Based on international practice, this is likely to be a hybrid model where government pays for services and outputs that they contract SSBs to undertake.

Where possible an income stream needs to be built into the mandate of the SSBs, such as through undertaking quality assurance work. This ensures that the SSB remains focused on fulfilling its terms of reference rather than being distracted looking for funding.

Providing start-up funding with the intention that the SSB will generate industry funding has proved to be challenging in a number of countries and so discussions with sector stakeholders should focus on how they can contribute funds or reduce costs by providing office accommodation or seconding staff for the secretariat.

## Government funding

Government funding is typically generated from a central budget or through a levy and allocated to an SSB. This could be in the form of core funding to enable the SSB to fulfil its remit. Alternatively, SSBs can be funded to undertake specific activities.

Core funding occurs when by the government finances the SSB to undertake its core mandate. These funds are typically agreed on an annual or three yearly basis and can be performance linked to the SSB meeting its objectives agreed with the SSB's oversight body.

## Employer funding

A number of governments have established SSBs and provided initial funding with the aim that the SSBs become sustainably funded by industry and/or other sources once the benefits of the SSB are realised. To date, this has not necessarily been an effective approach. (ILO 2021)

When both Canada and the UK stopped funding the SSBs after over a decade of core funding there was a significant reduction in the number of SSBs operating as they were no longer financially viable. In the case of the UK, many consolidated and only a handful remain. In Canada the government is currently providing funding for specific activities to approximately 13 Human Resource Development Councils; a significant reduction from 50 when they were being funded to undertake their core role. (Powell 2016)

There are a number of reasons why an employer-funded approach has proved problematic:

- Employers may have become used to receiving the service for free
- The core outputs of an SSB benefit the whole sector, such as occupational standards or labour market information. Employers are often reticent to fund it if other employers get it for free
- If the SSB restricts its outputs to those that pay, the SSB is unlikely to make a significant impact on their sector

- SSBs struggle to find a commercial funding stream that is not competing with other bodies or is a conflict of interest with its own remit. This can create tension and reduce the effectiveness of the SSB
- Sectors with a high proportion of small businesses may not be able to galvanise the same commitment or funding as sectors with a smaller number of businesses (large or small).

The SSB can also be financed by employers through funds generated by a levy. Levies vary, but a common feature is that funds are generated by taxing employers a percentage of their payroll or profits and that money is collected in a central fund to spend on TVET, which could include SSBs. Alternatively, individual sectors generate their own funding which either goes into a central pot for dispersal or goes to the relevant SSB. Levies are currently funding SSB operations directly in South Africa and in some sectors in Kenya. In Brazil, the levy is administered through five training authorities, where a one percent levy on payroll is collected.

### Third-party funding

Donor organisations and international organisations are currently investing in the establishment of SSBs across a number of countries. In Jordan, the World Bank and European Bank of Reconstruction and Development (EBRD), GIZ and ILO are supporting the

rollout of seven sectors. Similarly, in Vietnam ILO and the Australian Government are supporting different sectors but are collaborating with tripartite partners to ensure a common approach. In Bangladesh donor funding has supported the Industry Skills Council (ISC) for the Leather and Leather goods sector to establish the Bangladesh Centre for Excellence in Leather Skills to provide training, research, course curriculum development and other skills development events. (ILO & World Bank 2017)

### Revenue generation

A number of countries have seen their SSBs generate income from becoming awarding bodies (organisations that issue credentials under delegated authority from the government) or training providers, by accrediting learning providers or by selling other products and services, such as training products and research reports.

This can be challenging in certain TVET systems as the SSB may no longer be perceived as an honest broker and instead as a competitor, which can reduce their effectiveness. (ILO 2021)

An alternative approach which is found in India is that an income stream is built into one or more of the activities taken forward by the SSBs, such as certification, log books for occupations and assessment services. In India, the National Skills Development Corporation



(NSDC) which oversees the Sector Skills Councils has provided kick start funding to the SSCs to get them fully established, but have also built in a funding stream to enable the SSC to receive funding from:

- affiliations – training provider and assessors
- assessments and certification
- part of training cost as a Agency (PIA)
- project Implementing
- training of trainers
- sale of content books

In addition, the SSC may also receive donations and funds from the 2% Corporate Social Responsibility (CSR) levy on enterprises. (ILO 2021)

## Evaluating performance and impact of Sector Skills Bodies

Whether the SSB is working autonomously or closer to government, there needs to be an agreed mechanism to approve SSB establishment, to oversee their work and evaluate their performance. (ILO 2019).

This role may be undertaken by an existing ministry that has a remit for TVET, as in South Africa and Vietnam, or as is typically the case, to a government body that in turn reports directly into a ministry. The body could be a qualifications assurance agency, as in the case of Ghana and the Gambia, or an agency that has a broader TVET remit, such as the Tertiary Education Commission (TEC) in New Zealand, the Technical and Vocational Skills Development Commission (TSDC) in Jordan, the National Skills Development Authority (NSDA) in Bangladesh and the NSDC in India. (ILO 2021)

The wider remit of these oversight agencies can be important as they can help support the SSBs drive through change as they may have responsibility for other parts of the TVET system. In India, the NSDC is responsible for overseeing the work of the Sector Skills Councils, and other initiatives in the skills development system. This includes advising employers on CSR levy expenditure, building TVET capacity and validating qualifications. The NSDC has been responsible for the development of Sector Skills Councils, their gradual sectoral rollout and for their ongoing licensing.

Whilst some oversight organisations are ministries, some operate as a Public Private Partnerships and are governed by a range of stakeholders, which also includes representation from SSBs. This gives the SSBs a voice on the oversight organisation which can help it better understand common issues faced by the SSBs and helps steer their long-term direction. In Bangladesh, India and Jordan a number of SSB chairpersons are represented on the oversight board which strengthens

the voice of the SSBs across TVET policy implementation. (ILO 2021)

As the SSB is formed, the measures by which their performance will be assessed are typically agreed with the oversight body. SSBs are usually licenced for a specific time period and typically asked to report on their own performance on an annual basis. This could be in the form of an annual report or a self-assessment report.

It is likely that the ministry or agency that oversees the SSBs will use these documents and undertake their own assessment to measure the impact of the SSB. This may be carried out by the organisation themselves or given to a relevant authority. For example, in the UK during one licencing cycle the National Audit Office was brought in to assess the impact and value for money of the former Sector Skills Councils on behalf of the former oversight body the UK Commission for Employment and Skills (UKCES). (Powell 2016)

In low and middle income countries there are very few robust evaluation studies that assess the impact and value for money of SSBs and as interest in SSBs continues to grow, there is a need for such studies which can help measure their true impact and better understand the factors that determine their success.

## Conclusion

Governments and social partners are increasingly looking to sectoral approaches as an effective strategy to bring the world of work and the world of education and training closer together.

A sectoral approach allows key stakeholders to identify the skills challenges in their sector and collectively develop solutions. It allows for greater ownership of problems and solutions, and enables new partnerships to be formed, often amongst stakeholders that have not worked together before on skills issues.

In many countries, sector stakeholders are coming together under different types of Sector Skills Bodies to address the pressing skills challenges in their sector, and it is for this reason that the ILO supports their establishment alongside other efforts to increase industry engagement in education and training systems.

While SSBs may not flourish or be sustained in all national settings, they have the potential to provide an effective and strategic mechanism for industry engagement and the strengthening of TVET and skill systems across the globe.



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