



»» Vocational Training:  
Creating Opportunities.  
KfW Development  
Bank's Commitment.

**KFW**

# We Finance Development

## **KfW Development Bank's commitment**

KfW has been supporting the German Federal Government in implementing its development policy goals for more than 50 years within the framework of Financial Cooperation (FC). We combine financing know-how with development policy expertise. On behalf of the German Federal Government, and primarily the Federal Ministry for Economic Cooperation and Development (BMZ), we promote and support programmes and projects that mainly involve public sector players in developing countries and emerging economies. We help our partner countries to create better living conditions, while protecting the climate and the environment at the same time. Our commitment starts with the conception of the project and continues with the implementation through to the final performance review. In 2016, we committed EUR 7.3 billion worldwide to 328 new projects.

## **Would you like to find out more?**

We are convinced that transparency can improve development cooperation. To this end, we make our data available online: our transparency portal **[www.kfw.de/transparenz](http://www.kfw.de/transparenz)** provides information about the origin, use and impact of both the public funds and KfW's own funds used for development – for each country and each project. Our website **[www.kfw-entwicklungsbank.de](http://www.kfw-entwicklungsbank.de)** also offers updated background information on development policy topics and our projects, as well as standard contracts and our guidelines on subjects such as awarding contracts, assigning consultants and fighting corruption.

# Vocational Training – A Foundation for Stable Livelihoods

## **Prospects for young people around the world**

Technical and vocational education and training have seen a resurgence internationally in recent years. They are gaining importance as today's potential for the young labour force is greater than ever before. Yet, this age group has never before been confronted with such a scarce or precarious employment situation. According to the latest International Labour Organisation (ILO) statistics, more than 40% of young people worldwide were among the working poor or unemployed. The ILO estimates that this number will continue to rise, soon to reach 50%. There is also a lack of trained and specialised professionals in many parts of the world.

Vocational training confronts this twin challenge of reasonably coordinating supply and demand. On the one hand, it helps to meet the labour market's needs. On the other, it provides prospects for the young generation. Through vocational training, young people acquire skills for a professional occupation, as well as interpersonal and social skills. This creates more opportunities for them to participate in societal processes.

# The German Dual Education System as a Model

## Role model for training

The German dual education model, which links theory and practice with trainees learning in both classrooms and the workplace, is in great demand worldwide. Germany's low youth unemployment rate, far below the international average at around 5%, is a testament to its success.

## Success with close market links

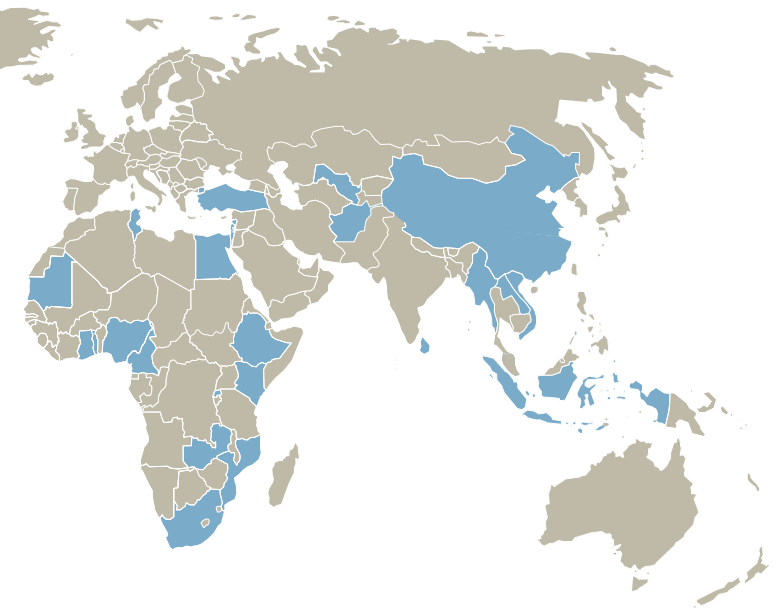
But can we simply transfer the German system onto other countries? A vocational education system must be fundamentally geared to that country's circumstances. Yet a vocational training scheme's capacity to satisfy the needs of the economy is always a key factor to its success. This is best

**Ongoing vocational training projects:** Afghanistan, Cameroon, China, Egypt, Ethiopia, Ghana, Indonesia, Kenya, Laos, Lebanon, Mauritania, Mozambique, Myanmar, Nigeria, Palestinian territories, Rwanda, South Africa, Sri Lanka, Togo, Tunisia, Turkey, Uzbekistan, Vietnam, Zambia



achieved when employers are closely involved in the planning and delivery of learning content.

KfW currently supports about 70 vocational training programmes around the world with funds nearing EUR 1 billion, in geographical terms mainly focusing on Asia and Africa. Commitments to vocational training projects have increased considerably in recent years. Reasons behind this include the growing demand for continuing education programmes and higher qualification to tackle migration push factors and alleviate youth unemployment. Germany is by far the most important donor in this field.





# Vocational Schools for Laos

The example of Laos demonstrates how successful vocational training can be. The Lao-German Technical College (LGTC) in the capital city of Vientiane is the country's most renowned vocational school. Founded with German support in the 1960s, it has since been upgraded to college status. It offers vocational courses in areas including vehicle engineering, metalworking and electronics. LGTC has over a thousand students and close to a 100% placement rate in the labour market.

Its success is primarily based on close cooperation with employers. Some of the best-known and largest companies in Laos, including Toyota, Phu Bia Mining, Schneider Electric, Kubota and Siemens, work together with the school. KfW has also supported the college for many years on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), most recently financing the construction of two workshops and a student residence. Both buildings were inaugurated in 2015. The college is considered as a model school in Laos.

It is part of a wider vocational training programme in the country, which KfW is supporting on behalf of the German Federal Government and for which it has already invested close to EUR 20 million. Together with counterpart contributions from the Laotian government, 10 vocational schools have been built, expanded or modernised and supplied with new equipment. The investments have made it possible for thousands of young people to graduate with a vocational education and significantly boost their opportunities in the labour market. German support is currently helping to expand an institute for teacher training and two existing vocational schools, with vocational school instructors also able to undergo short-term training. Further measures aiming at even better cooperation between vocational schools and private enterprise are planned.

# New Hope in Difficult Conditions

Displaced but not forgotten. Vocational training offers new prospects for refugees in Lebanon. More than a million people have fled to the small country for refuge, most of them from Syria.

On behalf of the German Federal Government, KfW is currently supporting the United Nations Children's Fund (UNICEF) to provide better opportunities in the labour market for this group by improving training and skills programmes in Lebanon. This commitment targets both native and Syrian juveniles and young adults. It is necessary due to the high unemployment rate, especially among juveniles and young adults. In this cohort – irrespective of status as a refugee or native Lebanese – almost one in three is jobless. This is 50% higher than at the start of the Syrian crisis in 2011.

KfW, via UNICEF, is funding teaching staff for vocational schools so that they can teach more students, enabling the Lebanese educational system to absorb the growing number of juveniles and young adults. The schools are equipped with modern learning resources and computer technology. Special training sessions on conflict management are also being promoted for juveniles and young adults.

In addition, curricula are being revised and teaching staff expanded at seven agricultural vocational schools. This means a total of 70,000 young people can improve their skills and understanding over a period of four years. The newly acquired knowledge will strongly boost their opportunities in the labour market.





# Prospects for Africa's Young People

## **Massive labour pool**

Africa is catching up. Many countries on the continent have had above-average economic growth for some years. However, most continue to be among the poorest in the world. A well-trained labour force is a prerequisite for playing a successful part in the world market.

There are enough workers available – especially young ones. The continent has the youngest population on the planet, with an average age of 19. More than 20 million Africans complete their education each year and seek employment, with this number estimated to rise to 30 million by as soon as 2030; the continent therefore has more young workers than anywhere else in the world.

## **Employment as a stabilising factor**

The challenge in the years ahead will be to reconcile two trends: a growing young population and a growing economy. Young people have the potential to support the economy.

There should be sufficient opportunities to employ young people, in areas like agriculture, the development of modern infrastructure or the growing number of businesses. Yet applicants frequently lack the relevant skills.

As a result, vocational training is the key to accommodating both the increasing number of unemployed people and the needs of employers, as long as it satisfies certain quality requirements. Vocational schools must be well equipped and organised in order for this to be a success. The training should meet general standards and be delivered with a practical orientation. This requires well-qualified teaching staff, modern curricula and learning resources. Only if vocational training meets the labour market's demand will graduates find employment in the productive economy to an appropriate extent.

Prospects for employment and income are important so that the young people can see a future in the place they call home and do not succumb to the temptation to emigrate. Wide access to employment can avert social tensions, contributing to a peaceful and stable society.

The African Union (AU) is looking to improve vocational training in its 53 member states and establish comparable standards. It is receiving funding in this process from various donors, including Germany. KfW supports the AU with the Skills Initiative for Africa. The aim is to provide more young people with training, making it easier for them to find a job. Countries like Ethiopia and Rwanda are already developing systems of this type, drawing on the role model offered by Germany's dual education.

# Better Training, More Labour Market Opportunities in Ethiopia

Ethiopia is investing heavily in its education sector to accelerate its economic development going forwards. This is also true for vocational schools, as the demand for skilled and specialised professionals is larger than its supply. The country is also receiving funding in this pursuit from KfW. On behalf of the German Federal Government, it is supporting the roll-out of dual vocational training by modernising and supplying equipment to 50 vocational schools with different areas of expertise.

This is focusing on the careers of the future, such as medical technology, textile processing, construction and agriculture.

## **Equal opportunities for women**

The vocational training is intended to be as practical as possible. As such, it is often conducted in businesses, as in Germany. The teaching content also includes environmental and social standards. In addition, emphasis is placed on allowing women to participate in vocational training programmes on an equal footing, for instance with separate living spaces or sanitary facilities being built. While girls are catching up in terms of basic education in Ethiopia, girls and women are still in the minority in vocational training. Only 8% of such graduates are female. The programme supported by KfW is attempting to increase their representation, including with scholarships and improved childcare. The G7 nations also stated in their declaration from Elmau that vocational training is a good means of reducing gender inequalities, pledging to increase female vocational training admission in developing countries by a third by 2030.





# Further Expanding Support

KfW has been active in vocational training on behalf of the German Federal Government for many decades and has achieved considerable success in the process. Vocational training will become an even more important part of KfW's future portfolio as the partner countries' demand increases. Many have come to understand that good vocational training pays off. The Federal Government has therefore decided to provide the means for vocational training in all partner countries in the future. KfW will assist the Federal Government with the goal of establishing vocational training on an even wider scale.

## **Finding individual solutions**

There are no blueprints for this, nor will there be in the future. Instead, solutions suitable for each educational system are to be sought. It is always important to involve players from the local economy to ensure training is truly geared towards meeting demand.

Germany will advance further in its leading position in vocational training, because the country is aware from its own experience that practical education creates better opportunities for a successful future.

# Responsible Banking

KfW is one of the world's leading promotional banks. It applies its decades of experience to improving economic, social and ecological living conditions at home and abroad on behalf of the German Federal Government and the federal states.

KfW Development Bank is responsible for part of KfW's international business, in which its two subsidiaries KfW IPEX-Bank and DEG are also involved. While KfW IPEX-Bank is active in international project and export finance, DEG provides financing and consulting to private companies investing in developing countries and emerging economies.

## Photos

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