

# Building a skills corridor

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Muhammad Jehangir Khan | 05<sup>th</sup> May, 2025

**Unemployment issue needs to be resolved urgently while taking insights from its regional counterparts like China and Bangladesh**



Pakistan stands at a clear turning point in its path of progress. The country's growing youthful population presents the opportunity to harness the demographic dividend for economic and social advancement.

However, the vast number of children who are out of school, the widespread learning poverty in society, and the high unemployment rate make capitalising on this potential daunting.

As reported in the Pakistan Education Statistics 2021-22, the figures show that almost 26.2 million children do not go to school in Pakistan, accounting for 39 per cent of the school-aged (5-16) population, and thus marking the country in the 2nd place globally. The Pakistan Economic Survey 2022-23 reports that the literacy rate is still 62.8 per cent and unequal between the urban and rural areas. The Pakistan Bureau of Statistics states that the rate of unemployed youth aged 15-24 is approximately 11.1 per cent, which is an alarming situation that indicates the dire need for a proficient skills development framework.

The unemployment issue needs to be resolved urgently while taking insights from its regional counterparts like China and Bangladesh. The key measures necessary for that are the incorporation of Technical and Vocational Education and Training (TVET) into the formal education system, the alignment of skills training and market demand, the application of technology for inclusive skill development, addressing gender-based inequities in the provision of skills, and cultivating relationships between the public and private sector.

Pakistan confronts a double burden in which many children are out of school, and there is substantial learning poverty among those who are enrolled. Even the quality of education is substandard. The Learning Poverty Index of the World Bank shows that 75 per cent of 10-year-olds in Pakistan cannot read or understand a simple text, compared to 53 per cent in the low- and middle-income countries regionally. This learning poverty perpetuates a cycle of low skills, limited employability and economic stagnation.

Foundational learning and vocational training should be the utmost priority to solve this issue in Pakistan. In this regard, China's experience provides important lessons. For the last two decades, China has made massive investments in TVET. It has established about 11,000 vocational schools, which enrol 35 million students. This has led China to become the world's manufacturing hub. Pakistan can adopt this model by

integrating TVET into its formal education system so that students can obtain both applied skills and academic knowledge.

Likewise, in Pakistan, more than 1.5 million youth enter the labour market every year, making youth unemployment a serious problem. The skills imbalance between what industry requires and what job seekers possess also aggravates the issue. Pakistan's NAVETC is a step forward towards creating a skills corridor, supervising/governing TVET education, and linking different stakeholders: government, industry, and educational institutions. NAVTEC looks after the alignment of the training programmes with both domestic and international job markets in areas like information technology, manufacturing, etc., to improve employment opportunities and reduce unemployment.

More recently, the Prime Minister's Youth Skill Development Program (PMYSDP) has been launched to strengthen the TVET quality in the country. The programme comprises 13 distinct interventions from high-tech skills to labs in Madrassas, etc, to stimulate the transformation of the entire TVET system. The presence of over 100 million broadband subscribers alongside a digitally inclined populace is also promising. However, the ability to expand digital skill training, especially in remote regions, still poses a challenge.

The example set by China under its digital Silk Road initiative is a fine guide on using technology to improve digital skills literacy and train citizens for the digital economy. Given this example, Pakistan can help its young population tap into the digital economy by providing free or subsidised access to online courses such as coding, digital marketing, etc.

Access to skill development initiatives remains significantly low for women in Pakistan. According to the UN-WOMEN report 2023, women's labour force participation rate is 26 per cent, compared to 84 per cent of men. Factors such as cultural norms, limited access to training centres and safety concerns restrict women's ability to acquire skills and secure

employment. Bangladesh's success in increasing female participation in the garment sector demonstrates important lessons.

Bangladesh has increased female labour force participation to 42.68 per cent, significantly higher than Pakistan's 26 per cent. This transition was facilitated by providing safe working environments, flexible hours and targeted skills training. By establishing women-only vocational training centres, offering scholarships for female students, and promoting female entrepreneurship through microfinance initiatives, Pakistan can achieve similar results to drive inclusive growth.

However, building a skills corridor requires substantial investment. Given the funding constraints on the part of the government, public-private partnerships (PPPs) offer a viable solution. This would enable the pooling of resources and expertise from multiple stakeholders. For instance, upper secondary vocational school students must intern in enterprises for one-third of their course in China.

A school-enterprise collaboration system is being established to design and provide skills training. Pakistan must also incentivise and strengthen private sector participation by offering tax breaks, etc, to companies that invest in skills training. In addition, development agencies can also play a crucial role in financing and implementing skills development programmes in Pakistan.

The time to act is now. With over 60 per cent of the population under 30, many of whom need jobs, Pakistan has a unique opportunity to transform its demographic burden into a demographic dividend. By investing in skills development, Pakistan can empower its youth, reduce unemployment, and pave the way for a prosperous future. As the Chinese proverb goes, 'The best time to plant a tree was 20 years ago. The second-best time is now'. For Pakistan, the seeds of a skills corridor must be sown today to reap the rewards tomorrow.

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*The writer is an associate professor at the Pakistan Institute of Development Economics (PIDE).He can be reached at:jehangir@pide.org.pk*

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