



**AFGHANISTAN RESOURCE CORRIDOR SKILLS STRATEGY DEVELOPMENT FINAL REPORT**

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**EXECUTIVE SUMMARY**

11/25/2012



## INTRODUCTION

### EXECUTIVE SUMMARY

Extractive industries are expected to be the next main driver of growth for the Afghan economy. As part of a resource corridor growth strategy launched by the World Bank, an informed strategy is needed to develop skills related to the mining, oil and gas sector in Afghanistan. Given the current dearth of information regarding extractive-related skills, this study provides elements about the demand and supply on this market as well as the gaps that exist. This data, collected through qualitative interviews with educational institute administrators, students, potential employers and donors, was then analysed in order to produce a skills strategy development (SSD) to allow matching of demand and supply on the resources skills sector. Ten public educational institutes and selected students were interviewed to provide us with a more detailed picture of their needs. In addition, Afghan private companies assessed during the Private Sector Development assessment for the World Bank gave us information about their hiring and training practices. In sum, nearly all participants of the study showed great interest towards the development of an extractive industries workforce in Afghanistan.

More than 16,000 jobs will be directly generated by the 10 biggest extractive projects currently envisioned by the Ministry of Mines. A wide range of skillsets will be needed by the extractive industries, from top management to basic mining operations. To ensure Afghans can seize these upcoming employment opportunities, actions will be required to increase the quality and the quantity of available professional and vocational qualifications available in Afghanistan, with a focus on geographic areas expected to host the extractive projects.

Unskilled and semi-skilled positions will account for 70% of the employment estimates. A fair share of these jobs will be cross-sector jobs, meaning that workers could work in other industrial sectors after being properly trained. High-end jobs, specialized in geology, resource management, and petroleum engineering represent only 10-15% of skills needed. While actions on all types of skills need to be taken to ensure an adequate supply could be provided, priority has to be given to skills that are easier and less costly to develop, with a maximum impact on the workforce. However, many of the recommended actions aimed at facilitating work placement and practical training will benefit all of the skills groups, specifically where they employ means to match demand and supply in the extractive skills sector.

While most major donors have a program in place to address skills development through their education or workforce initiatives, none of the currently existing programs is specifically focused on skills related to the extractive industries. Nevertheless, their initiatives can address impediments for cross-sector skills needed mostly during the construction phase of extractive projects. Coordination issues will require a dedicated project team in charge of the SSD program to liaise between donors/partners, the extractive companies, and recipients of assistance (Universities and TVETs).

Work placement and practical training will be the biggest areas of intervention of the SSD program, as all interlocutors noted the impediments in those two areas. In that respect, it should be noted that private company participation in the program is a key success factor, as their participation is essential to address the work placement component as well as the practical training problems met by students. Capacity building for teachers and assistance in the procurement of more modern laboratory equipment is also vital to increasing the quality of education received by the students in extractives-related qualifications.

As the Amu Darya project has already begun and will be in production soon, immediate interventions are needed in order to ensure that Afghans can seize employment opportunities. To cope with that requirement, the program design is divided into two phases: a pilot program focused on short-term interventions will be realized first, leaving time for the project team to promote awareness of the skills strategy development program to concerned Ministries and donors. Then, the broader skills development program will be launched, aiming at all the upcoming extractive investments. While a high-level assessment of the needs of educational institutes was made, the strategy will imply coordination with the educational institutes to detail their needs (in order to reach precise technical specifications and costing of needs). Priority actions will have to be selected following criteria to be determined precisely by the project team, in order to ensure a timely delivery of assistance to recipients.

## OBJECTIVES OF THE PROJECT

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The objectives of the project are as follows:

- Undertake the first step in the development and implementation of a skills strategy for the resources sector by identifying means to match the demand for skills in the sector with potential supply;
- Perform an initial critical analysis of potential means to boost supply to inform upcoming GIROA and donor investments and initiatives.

## METHODOLOGY

### APPROACH

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In order to reach the objectives described above, the following approach was adopted:

#### **Task 1: Evaluate the likely demand and supply of specific skills required by the upcoming wave of investments in the extractive industry in Afghanistan**

- Assess the range of technical and professional skills important to a modern mining industry across the resource sector value chain.
- Assess the overlap and intersections of mining skills requirements with the rest of the economy and the likely degree of demand for them beyond the extractive industry.
- Evaluate the current supply and projected demand for these skills and occupations based on a prioritized evaluation of the primary institutions for education and training which could be expected to supply skills at sufficient quality for these investments.
- Evaluate which skills can plausibly be developed in rural areas, with the communities around the mine, and which will require urban institutions and educational levels to supply.

#### **Task 2: Devise an action plan to ensure that the demand and supply for skills are adequately brought together via a mechanism for 'market making'**

- Prioritize the skills, initiatives and frameworks that are most urgent and will have the most impact if action is taken over the next six to eighteen months.

- Identify the gaps in information flow that could hinder the efficient matching of skills supply and demand from Aynak and Amu Darya, as well as subsequent investments.
- Develop possible institutional models for bridging these gaps on an ongoing, continuous basis, ensuring that: the private sector has information on skills supply readily available; and that key institutions within the TVET and broader education sector are fully informed about the needs of the sector and any emerging issues in the quality or quantity of supply.

**Task 3: Perform a critical analysis of the requirements for additional initiatives by GIROA and donors to address any skills gaps and further improve the balance of supply and demand over time for the sector.**

- Identify the skills that are not being provided at all at the moment, or where current provision will be inadequate within one to two years.
- Identify those skills where training is taking place at sufficient quantity, but not at sufficient quality, and where investment rather than simply curriculum change is required to bridge the gap (i.e., where quality will not be addressed by Task 2).
- To propose institutional options by which key upcoming GIROA and donor initiatives (primarily in the extractive industry specifically, but also linking to key programs outside) could work together to address this gap.
- Provide an initial, high-level costing of these options, e.g., under the cases of (a) expanding existing skills programs; (b) refurbishing or expanding embryonic MoM physical grounds (e.g., at the old AGS); and (c) creating a wholly new institution.