

Skilling up youths for a changing job market

MUSTAHSIN-UL-AZIZ for World Bank Blogs

SIX years ago, Kamrul Nahar was struggling. She had lost her father. Making ends meet became a challenge in Metrokona, her rural hometown far away from Bangladesh's capital.

One of her teachers noticed her hardships and introduced her to vocational training. He suggested she learn how to use a computer because IT skills were in demand. She did, and her life changed.

Kamrul has big plans now. "My dream is to open a programming firm," she says. "I can hire girls who have no fathers, so they may stand on their own feet and do something with their lives."

Kamrul's story is one of many examples of how investing in skills can unlock employment opportunities.

According to the 2019 World Development Report, technology will open up jobs and areas of work that do not yet exist.

That trend is already visible in Bangladesh, where the number of young people doing freelance work in programming and designing is growing. Every year, 2 million youth enter Bangladesh's labour force.

According to the 2016-17 Labor Force Survey, the unemployment rate of people with tertiary education is 11.6 percent, much higher than the national average of 4.2 percent. For women, this rate is 21.4 percent.

A recent World Bank report shows that Bangladesh's employment rate is less than 50 percent across all three streams of polytechnics, universities, and colleges.

Even with such high unemployment figures, the country remits vast amounts of money outside in the form of foreign workers.

Evidently, unemployment stems more from lack of the right skills rather than scarcity of jobs.

So how can educated youth be turned into a skilled labour force to lead local and cross-border employment market?

Mostly by improving teaching methods; increasing linkages with private sector; and more collaborative efforts among stakeholders. But investing in soft skills like ICT, communication, and problem-solving skills, which are the most sought-after by employers, are the most essential for a skilled workforce.

Soft skills help create an adaptive nature and a lifelong learning culture, allowing young people to transition smoothly and cope better with the evolving jobs landscape.

Skills training is a medium for economic transformation.

The private sector and the industries are at the heart of this transformation as they dictate the labour demands and are the first stakeholders to be exposed to the changing technology.

Thus, we need greater collaboration between industry and academia in defining the changes and how academia can react.

The World Bank's Skills and Training Enhancement Project has some good examples

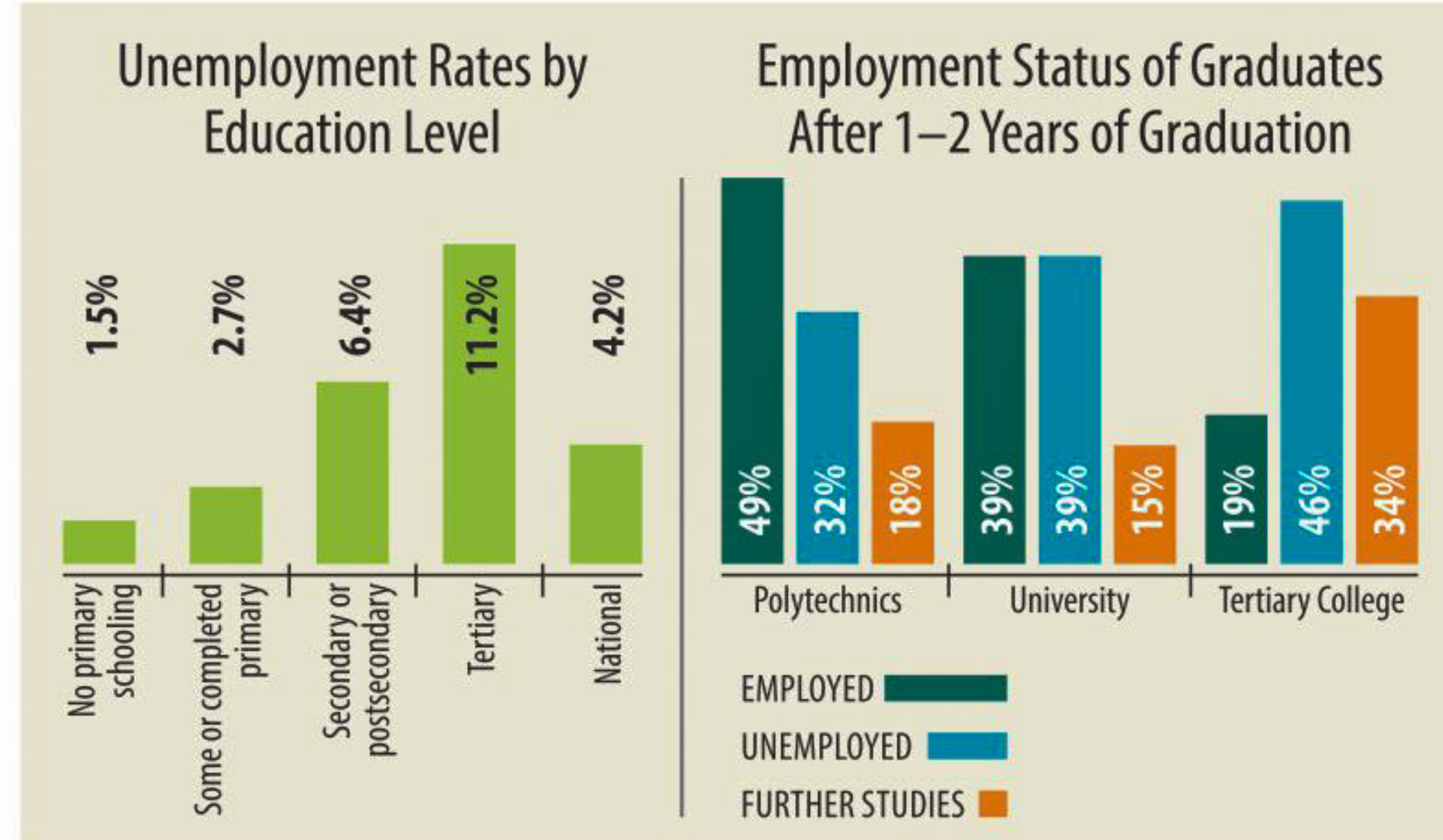
of such collaboration.

For example, a partnership between the project and Bangladesh Garments Manufacturing and Export Association trained more than 11,000 unskilled workers and achieved an 80 percent employment rate after training.

Collaborations in other areas such as curriculum development support, providing internship opportunities and laboratory/workshop facilities, can have a significant impact too. Effective industry collaboration would make the skills provision demand driven and beneficial for the workers and the industry.

Although the future job market is uncertain and everchanging, it can yield positive results. Equipping young people with the right skills can help them navigate these tides and provide a way forward for Bangladesh.

The writer is a consultant for the education global practice at World Bank.



British firm Arm joins GM, Toyota for car chips

REUTERS

ARM Holdings, the British chip technology firm owned by Japan's Softbank Group Corp, is joining with automakers General Motors Co and Toyota Motor Corp to establish common computing systems for self-driving cars, an effort the companies hope will speed development of the technology.

Arm supplies the underlying technology for the processors found in today's smart phones but does not make chips itself. Its ties to the automotive industry go back to the late 1990s, when automakers began to add computer chips to vehicles for functions like engine control and diagnostics.

On Tuesday the company said it was helping to create the Autonomous Vehicle Computing Consortium, or AVCC, along with the two automakers and industry suppliers Bosch Corp, Denso Corp and Continental AG. Also helping found the group are semiconductor companies Nvidia Corp and NXP Semiconductors, both of which embed Arm's technology

into their chips.

With automakers and tech companies working on self-driving vehicles, analysts expect the number of chips in cars to expand. But the current test vehicles being used to develop self-driving software are using the same kind of large, electricity-hungry chips found in data centers. Across the industry, chip firms and automakers agree that the power diet and size of the gear must be cut drastically to fit into cars for the general public, to perhaps a tenth or less the levels of current systems.

"I just came back from trips in the U.S. and China and had the opportunity to ride in four different types of autonomous vehicles. They were great prototype platforms for proving the software, but when I asked to look at the electronics powering these vehicles, it literally was servers in trunks," Chet Babla, Arm's vice president of automotive, told Reuters in an interview. "We've got a long way to go." The AVCC will be an independent group funded by membership fees from the companies that join. Arm officials said its work will be open to non-members.

Samsung flags 56pc fall in profit

AFP, Seoul

SAMSUNG Electronics said Tuesday it expected operating profits to drop more than 50 percent in the third quarter amid a continued slump in the global chip market.

Operating profit for July to September was forecast to reach 7.7 trillion won (\$6.4 billion), down 56.2 percent from a year earlier, the world's largest maker of smartphones and memory chips said in a statement.

It marks the fourth consecutive quarter in which the South Korean tech company has recorded a profit drop in the face of falling semiconductor prices and

weakened demand for its mobile devices. Sales for the third quarter were expected to reach around 62 trillion won, down 5.3 percent from the same period last year.

Samsung withholds net profit and sector-by-sector business performance until it releases its final earnings report, which is expected later this month.

Samsung shares edged up by one percent at morning trading in Seoul.

The firm is the flagship subsidiary of the giant Samsung Group, by far the biggest of the family-controlled conglomerates that dominate business in the world's 11th-largest economy, and crucial to South Korea's economic health.

US economy likely to keep growing: Fed's Powell

AFP, Washington

THE American economy should continue its expansion, with strong jobs markets but with price pressures in check and inflation approaching the central bank's target, Federal Reserve Chairman Jerome Powell said Tuesday.

However, US job creation has slowed while a weakening global economy, trade wars and Brexit uncertainty are risks to the outlook, he said.

Policymakers "continue to see a sustained expansion," Powell said in a speech to the National Association for Business Economics in Denver. "At present, the jobs and inflation pictures are favorable." Powell's remarks suggest the case for further cuts to the Fed's benchmark lending rates could be weakening, with employment data now showing the US jobless rate fell to its lowest level in 50 years in September.

In addition, he said the Fed will soon announce more permanent measures to boost banks' cash reserves after a recent shortage sent short-term interest rates skyrocketing.

This will include plans to buy more short-term Treasuries to boost reserve levels, he said.

Economists have been alarmed in recent weeks, saying recession odds are rising as forward-looking indicators like consumer and business confidence and surveys of industrial activity have slowed or even contracted.

The Fed has cut interest rates twice

this year to help cushion the American economy against shocks from the US-China trade war, including a sharp drop in investment, and from plummeting demand from foreign markets.

Investors overwhelmingly expect the central bank to lower rates again later this month.

While the Fed relies on economic statistics to determine its policy steps, Powell noted that revised data showed recent US job creation was significantly weaker than previously reported.

And experience suggests some of this will carry forward, he said.

"Thus, the currently reported job gains of 157,000 per month on average over the past three months may well be revised somewhat lower," he said.

Even so, policymakers still believe gains in the job market should be enough to provide work for all the new labor market entrants who join the job hunt, he said.

As for the inner workings of the economy's financial plumbing, he said the Fed will also begin buying bonds again to help boost banks' cash reserves.

Since mid-September, the New York Federal Reserve Bank, the Fed's main point of contact with financial markets, has been pumping liquidity into money markets to keep short-term rates from spiking above the central bank's target range.

Policymakers had previously pledged to boost bond holdings "at some point... to maintain an appropriate level of reserves," and "That time is now upon us," Powell said.

Growth of global value chains stalls amid trade conflicts: WB

REUTERS, Washington

THE growth of global value chains, a key driver of trade and poverty reduction in emerging market countries, has largely stalled in the past decade and is under threat from trade conflicts and emerging new technologies, the World Bank said on Tuesday.

In a new report, the World Bank said global value chains - which spread production processes of goods over multiple countries - grew swiftly from 1990 to 2007 as reduced trade barriers and improved information technology and transportation links induced manufacturers, making up half of all trade.

But this has reversed in recent years, partly due to slower economic growth and a maturing of manufacturing in dynamic regions such as China. Trade conflicts among large economies have contributed to the decline, and could lead to a retrenchment or a segmentation of GVCs.

The report said such disruptions were already resulting from the US-China trade conflict.

"If the trade conflict worsens and causes a slump in investor confidence, the effects on global growth and poverty could be significant - more than 30 million people could be pushed into poverty," the World Bank said in the report. "And global income could fall by as much as \$1.4 trillion."

The multilateral lender's poverty benchmark is measured as income levels below \$5.50 a day.

Increased protection was likely to induce the reshoring of global value chains or shift them to new locations unless policy predictability is restored, and uncertainty was delaying investment plans.



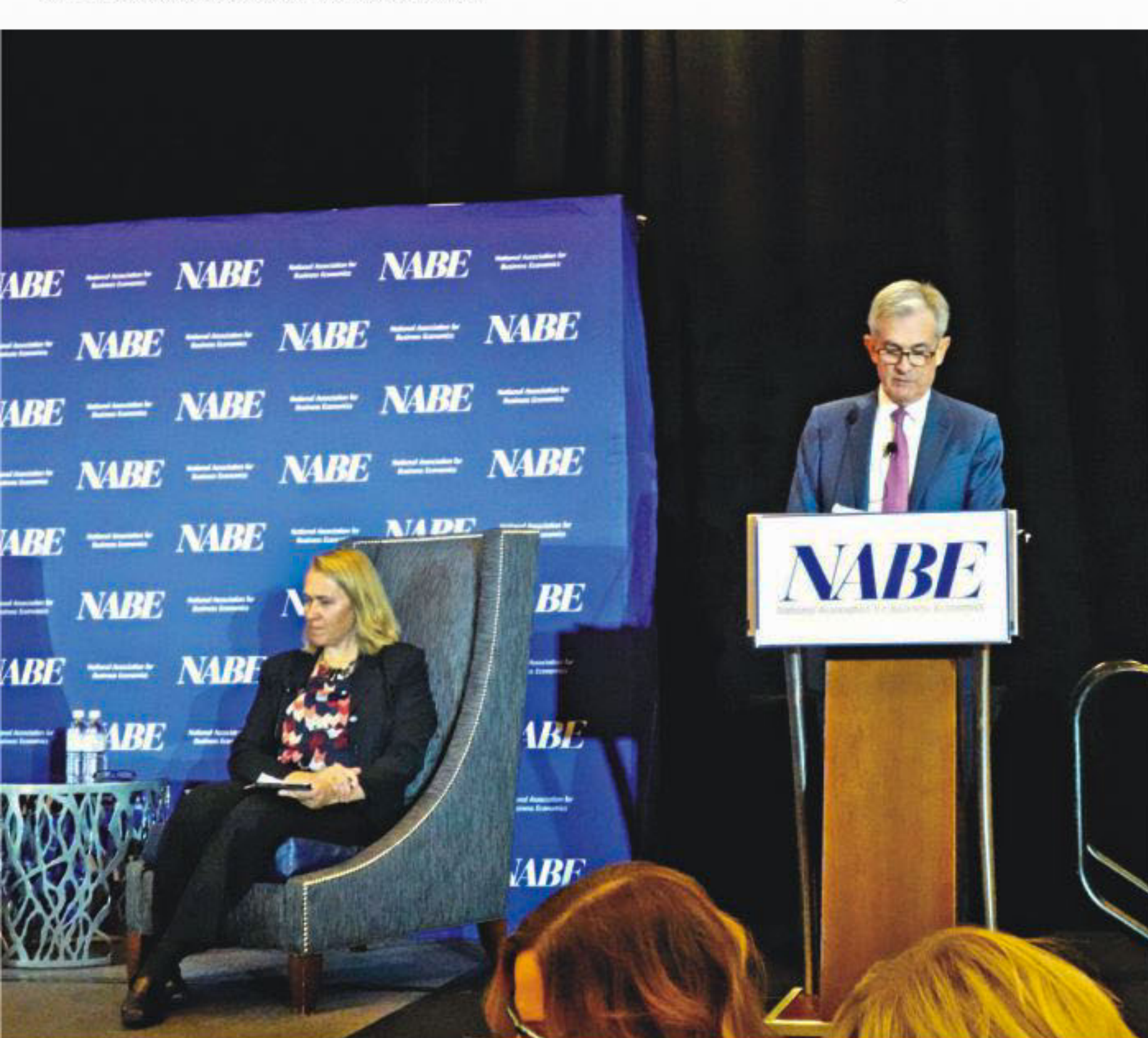
A participant stands near a logo of World Bank at the International Monetary Fund-World Bank Annual Meeting 2018 in Bali, Indonesia.

The stalling of global value chains is bad news for emerging market countries that participate in global value chains, because those that do have seen the steepest declines in poverty, including China, Vietnam, and Bangladesh, according to the report.

The World Bank report follows a blunt warning from the International Monetary Fund's new managing director, Kristalina

Georgieva, that trade conflicts were causing a "synchronized slowdown" in the global economy that could substantially worsen unless these were resolved.

There are other serious threats to global value chains, including new technologies such as 3-D printing that could draw production closer to the consumer, the World Bank report said.



Federal Reserve Chairman Jerome Powell addresses the National Association for Business Economics in Denver, US on October 8.

UK debt burden to rocket under no-deal Brexit: think-tank

AFP, London

BRTAIN'S debt burden would jump to its highest level in 50 years if it leaves the EU without a deal, a leading think-tank warned Tuesday.

The Institute for Fiscal Studies (IFS) said that due to Prime Minister Boris Johnson's public spending plans, government borrowing was set to top 50 billion (\$61 billion, 56 billion euros), equal to 2.3 percent of GDP, or total national economic output.

The figure is double what the Office for Budget Responsibility public body was forecasting in March, four months before Johnson took office pledging a public services spending boost.

It also breaks the government's self-imposed fiscal rule of keeping borrowing to below two percent of GDP in order to balance the books by the mid-2020s.

The IFS economic research institute said that even a relatively benign no-deal Brexit would likely lead to borrowing approaching 100 billion or four percent of GDP.

As a result, accumulated national debt would climb to almost 90 percent of GDP (Gross Domestic Product) for the first time since the mid-1960s, the IFS said.

Britain is due to leave the European Union on October 31, with or without a Brexit deal, according to Johnson.

Without a deal, Johnson's planned mini-boom in public spending would likely be followed by another bust as the government struggled to deal with the consequences of a smaller economy and higher debt for funding public services, the IFS said.

"The government is now adrift without any effective fiscal anchor," said IFS director Paul Johnson.

In the case of a no-deal Brexit, it should implement "carefully targeted and temporary tax cuts and spending increases where it can effectively support the economy," he said.

"It will be crucial that these programmes are temporary: an economy that turns out smaller than expected can, in the long run, support less public spending than expected, not more."

Analysis for the IFS done by Citi bank suggested that growth in Britain has been weaker than in other Group of Seven economies since 2016.

Total economic output is between 2.5 percent and 3.0 percent (55-66 billion) lower than it would have been had Britain voted to stay in the EU in the 2016 referendum.

It said Britain had also seen the most sustained fall in business investment outside of a recession.

A continued delay to Brexit would mean continued uncertainty and very poor growth of only around one percent a year.

Meanwhile Britain's tax authority said that in the event of a no-deal Brexit, the annual cost to businesses for filling in additional customs forms work would be an estimated 15 billion.

Companies would face "significant ongoing administrative burdens", Her Majesty's Revenue and Customs said Monday in an impact assessment paper.

"HMRC therefore estimates that the static total ongoing administrative burden on UK-EU trade is 15 billion," the paper said.