Financing TVET in the Pacific
Overview of the Research

Dr Frank Thompson

Overview of presentation

- DFAT’s regional education program
- Overview of the research & reports – seven country, four overview
- Outline of the data available in the research
- Overview of the May 2015 TVET Financing Forum in Nadi

Findings are subject to limitations owing substantially to data availability
DFAT’s Pacific regional education program

- Both bilateral and regional education programs
  » Regional focused at tertiary level
  » PIF’s overarching education framework with Forum Education Ministers
- DFAT’s high level policy
  » Sustainable economic growth / aid-for-trade & poverty reduction agendas
- Regional objectives - enabling economic growth and enhancing human development
- Key regional programming: APTC, USP, SPC education programming (including EMIS)
TVET Financing Research

- Managed by ACER
- Seven countries: Fiji, Kiribati, Papua New Guinea (PNG), Samoa, Solomon Islands, Tonga and Vanuatu
- Provides data to fill gaps and inform programming
- DFAT’s May 2015 TVET Financing Forum
  » Attended by officials from seven countries, other donors, Austrade & NGOs
Research Aims

- Comprehensive empirical analysis of the existing systems for financing TVET in seven Pacific countries
- Identify key cross-country financing issues
- Identify options for more efficient and effective funding of TVET at both national and regional levels
If you see anything mysterious or unusual just enjoy it while you can.
## Snapshot from the research

### In-scope Providers of TVET by Provider Type and Number

<table>
<thead>
<tr>
<th>Country</th>
<th>Public providers</th>
<th>Private providers</th>
<th>Regional providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiji</td>
<td>15</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td>Kiribati</td>
<td>6</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>PNG</td>
<td>135</td>
<td>200*</td>
<td></td>
</tr>
<tr>
<td>Samoa</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>9</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Tonga</td>
<td>2</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Vanuatu</td>
<td>4</td>
<td>39*</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>172</strong></td>
<td><strong>397</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

* Estimate
### Student Enrolments in TVET by Provider Type

<table>
<thead>
<tr>
<th></th>
<th>Estimated enrolments in TVET by head-count</th>
<th>Estimated FTE enrolments in TVET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enrolments</td>
<td>%</td>
</tr>
<tr>
<td><strong>Public providers</strong></td>
<td>61,455</td>
<td>76</td>
</tr>
<tr>
<td><strong>Private providers</strong></td>
<td>16,936</td>
<td>21</td>
</tr>
<tr>
<td><strong>Regional providers</strong></td>
<td>2,258</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>80,649</td>
<td>100</td>
</tr>
</tbody>
</table>
Some Patterns

- Enrolments low by international standards – 3.5% in Fiji to 0.5% in PNG
  - overall proportion of 1% in target countries
- Three quarters enrolled in public providers – most full-time
  - TVET sector lacks flexibility in the range of programs on offer?
  - generally geared towards training at the pre-employment level
- Share of TVET enrolments in ‘pure’ private providers (reliant on own revenue) < 10%
- Most providers small by international standards
Participation – women and disadvantaged

- Strong gender bias in the choice of subjects of study
- Significantly lower for people experiencing disadvantage
  » poverty, isolated locations, PLWD
- Data sparse – which is itself an indicator needs are not being met
## Shares in TVET funding – all seven countries

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>% all sources</th>
<th>% all sources excl. APTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government grant</td>
<td>30.2</td>
<td>37.6</td>
</tr>
<tr>
<td>Official overseas aid excl. APTC</td>
<td>13.4</td>
<td>16.6</td>
</tr>
<tr>
<td>APTC</td>
<td>19.6</td>
<td>n/a</td>
</tr>
<tr>
<td>Student fees</td>
<td>28.4</td>
<td>35.3</td>
</tr>
<tr>
<td>Private resources</td>
<td>8.4</td>
<td>10.4</td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Church and NGO donations</td>
<td>0.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Industry contribution</td>
<td>5.6</td>
<td>6.9</td>
</tr>
<tr>
<td>Sale of services etc.</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td>Other sources</td>
<td>1.4</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Source: Palmer (2015b)
Funding

- **Student fees** – charged by most public and private providers
  - Second-largest funding source but dependency on fees varies significantly
  - Often costly relative to family incomes

- **Private resources** – varied shares of funding
  - Dependency roughly corresponds with relative prosperity
    - Fiji, Papua New Guinea, Samoa, Tonga range 10% - 16%
    - Kiribati, Solomon Islands, Vanuatu ranged 0% - 7%
  - Around 0.6 from church groups & 7% from industry – likely under-estimates

- **ODA provides about 17% of funding (excluding APTC)**
  - When funding for APTC is included, ODA is around one-third of funding
  - No evidence of risk mitigation against reduction in donor funding
"Your problems make my fee seem insignificant."
Overall

- Just over US$ 200 million spent on TVET in the reference year
  - Around 1% of combined GDP
- Recurrent national TVET systems expenditure about half of these levels – around US$ 105 million
  - Excludes capital expenditure, scholarships, APTC – around US$25m
- Capital expenditure estimated at a little over US$ 20 million
  - Mostly on buildings and equipment
- Wide variation in the share of national resources allocated, approx:
  - 0.6% of GDP in PNG and Vanuatu to 2.5% in Samoa
Six key cross-country issues

1. A comprehensive and integrated approach to TVET policy, planning and financing
   - need to improve overall sector management, policy coherence to increase efficiency and equity

2. Move towards output-oriented funding of institutions
   - Decrease ad hoc & historical funding and move to formula based funding (inputs, outputs/outcomes) i.e. student/graduate numbers

3. Adjust Student Fees and student financial support schemes
   - Recover a proportion of costs through fees setting higher fees for courses where demand was less sensitive noting importance of scholarships (research needed)
Six key cross-country issues (2)

4. Need for a broader funding base
   - Fiscal vulnerability; burden of fees and particularly boarding fees; risks associated ODA dependence; share costs with beneficiaries

5. Equity in financing
   - Access to a full range of quality programming; support for successful completion; labour market transition – equity training funds/funding (scholarships/fees) to either providers or to disadvantaged individuals

6. Strengthening the info & knowledge base about TVET financing
   - Efficiency and effectiveness requires data on students; finance; graduates; labour force/population – requires resources and regional cooperation
   - i.e. a regional finance data collection based on international accounting standards.
FAvRICATED DATA
Other discussions

- Improve formal apprenticeship schemes
  - Fiji, PNG, Samoa, and the Solomon Islands – combine on & off-the-job
- Improve scholarships including for marginalised
- Income-generation by TVET institutions
- Expansion of private training provision
  - while ensuring quality, and mitigating equity concerns
- Use of competitive fund: grant windows open to public and private providers
Other discussions (2)

- Encourage public-private partnerships
- Stimulate private enterprise investment in TVET
- Industry training levies (in operation in PNG and Fiji)
- Training vouchers for companies – ‘cost-sharing’; e.g. US $250 training voucher sold to companies for US$125
- Income-generation by TVET institutions
- Stimulating private investment in TVET among small and micro-enterprises, esp. in informal economy
- Government or donor-supported equity training funds
Forum discussions

- Value in targeting percentages for TVET expenditure (governments may not welcome tying budgets to external bodies)
- Need for a single body mandated to coordinate TVET in each country
- Need to convince finance ministries of funding needs – requires data
- Need for impact data
- Need further data on scope of skills development
- Need for regional approach and regional standards
  » Country level decisions cannot be dictated by regional directives
Forum discussions (2)

- Countries should increase use of regional programs like APTC
- Need to win confidence of the private sector
- Need better national coordination and political support
- Data required on labour mobility and migration patterns
- Levies could better support training in small enterprises through, for example:
  - Use of employer associations to deliver training to small enterprises
  - Incentivise larger enterprises to offer training spaces to smaller enterprises
Country Action Agendas

- Vanuatu – work to amalgamate the five post-secondary institutes
- Solomon Islands – diversify funding sources
- Samoa – enhance data collection to inform lead agencies
- Kiribati – set up a national TVET reference group
- Fiji – strengthen relationships between stakeholders
- Timor Leste – strengthen links between stakeholders and national capacity to analyse data.