

The Financing and Costs of Technical and Vocational Skills Development (TVSD) The Case of Africa

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The Financing and Costs of TVSD

Summary

- The current context of financing TVET in Africa
- Towards a paradigm shift: from TVET to TVSD
- Towards a new approach to financing TVSD

The African context

TVET is underfinanced

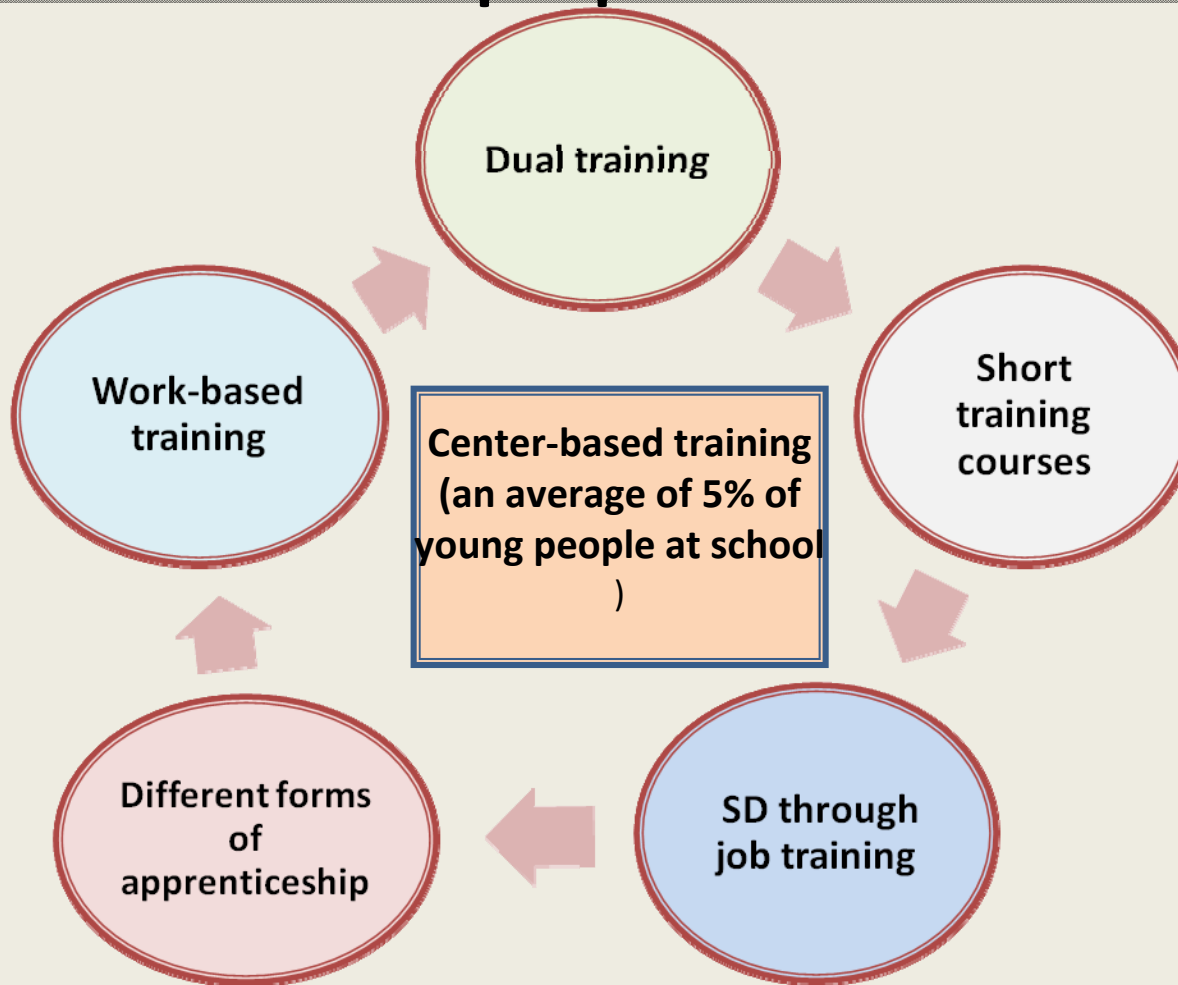
- TVET is considered as a means of training young people to help them into work but it only a small number of them (between 1% and 10%) can access it
- TVET must respond to the strong demand for skills from the formal and informal economy, although it is still generally underfinanced (an average of 5% of the public education expenditure)
- TVET is a undervalued part of the education system (it is seen as a second chance educational option), despite strategic plans considering it to be a critical means of improving the economic and social situation
- Almost all public financing goes to formal or center-based TVET

The African context

Public financing is dedicated to a minority of young people

The main skills providers are

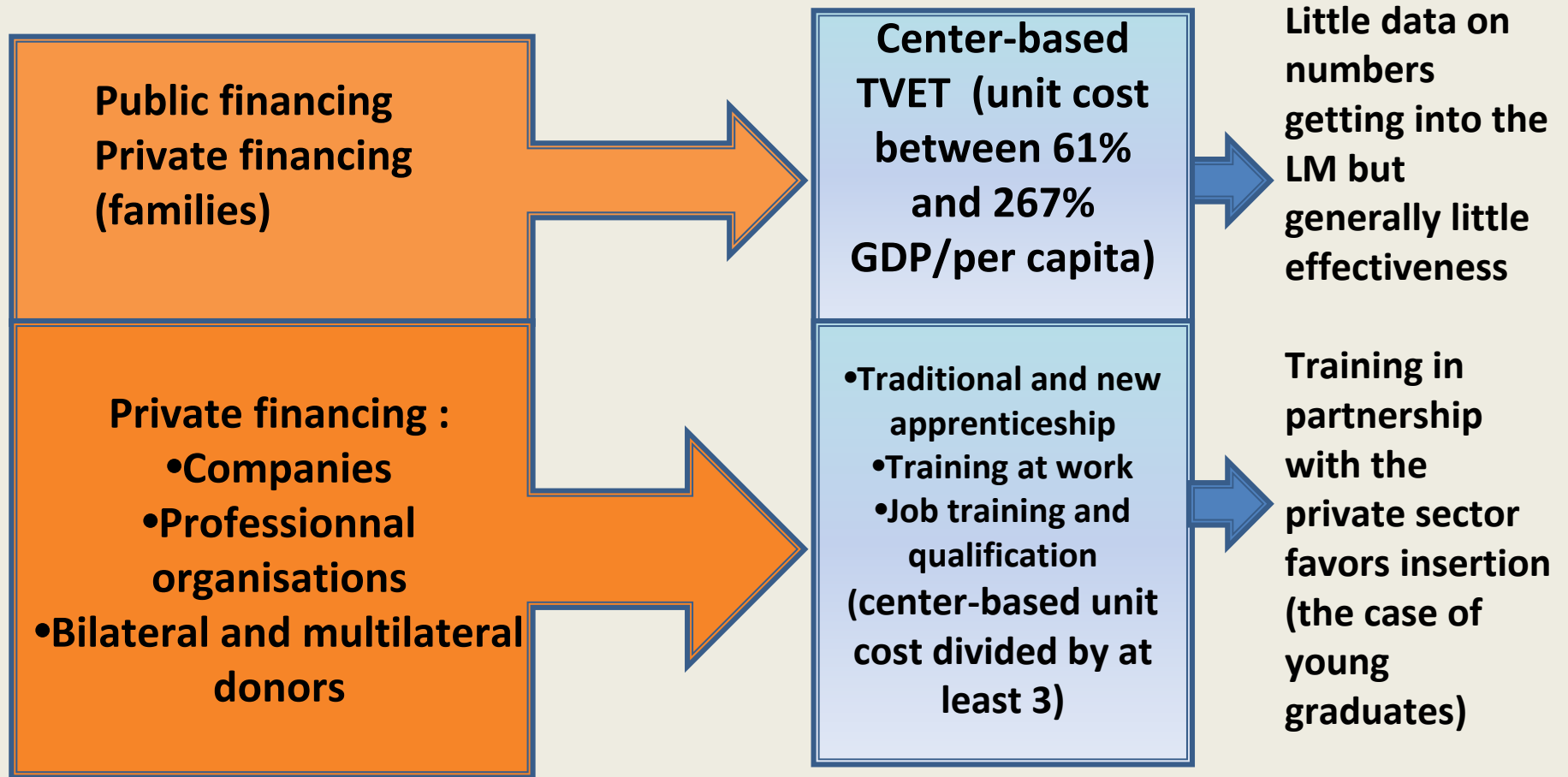
- families,
- professional organizations and, more broadly
- the informal sector which offers most young people a route into the world of work



90% of the skills are acquired outside formal TVET but these skills are not recognized and accredited

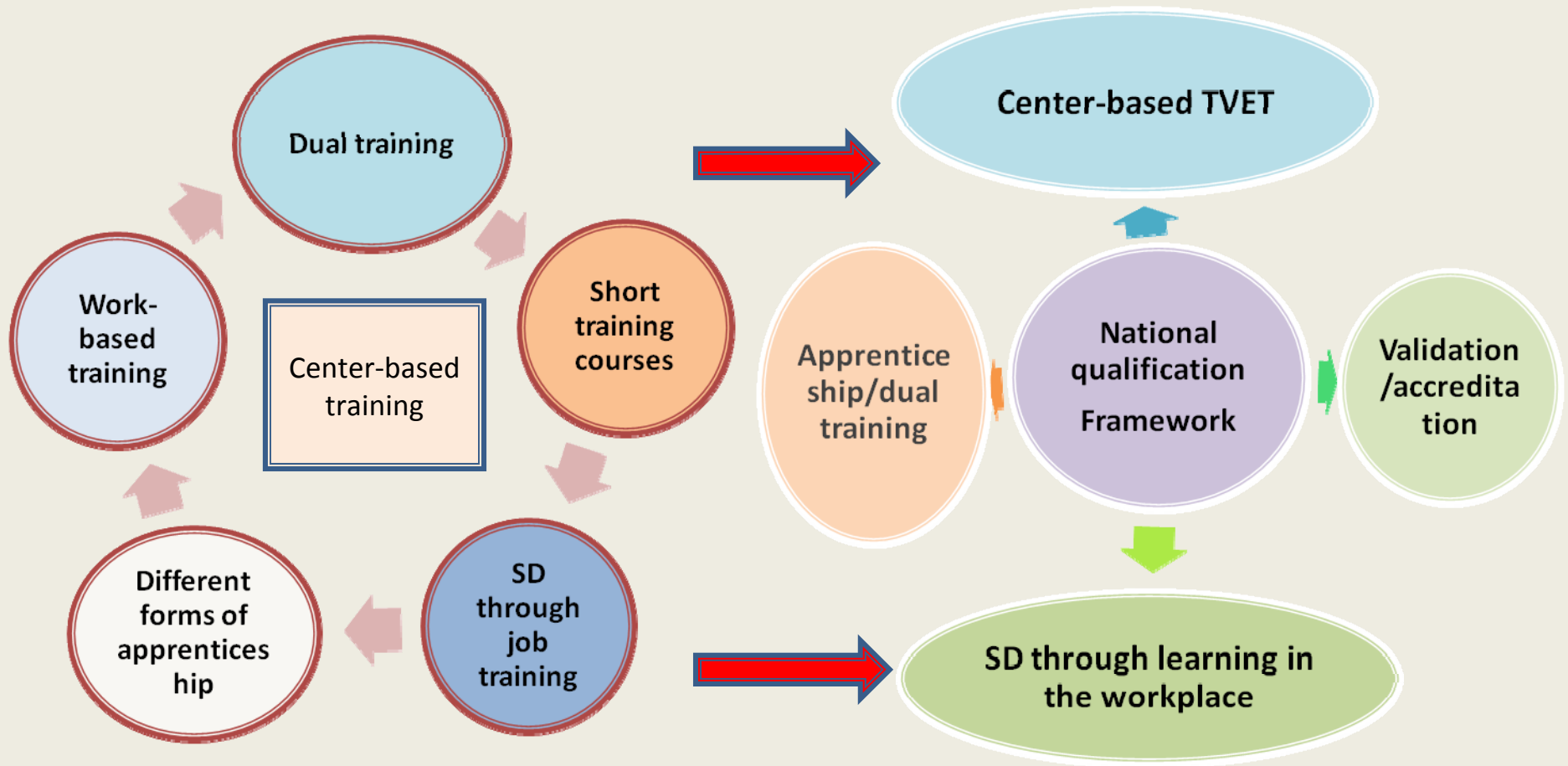
The African context

TVET that is expensive and ineffective

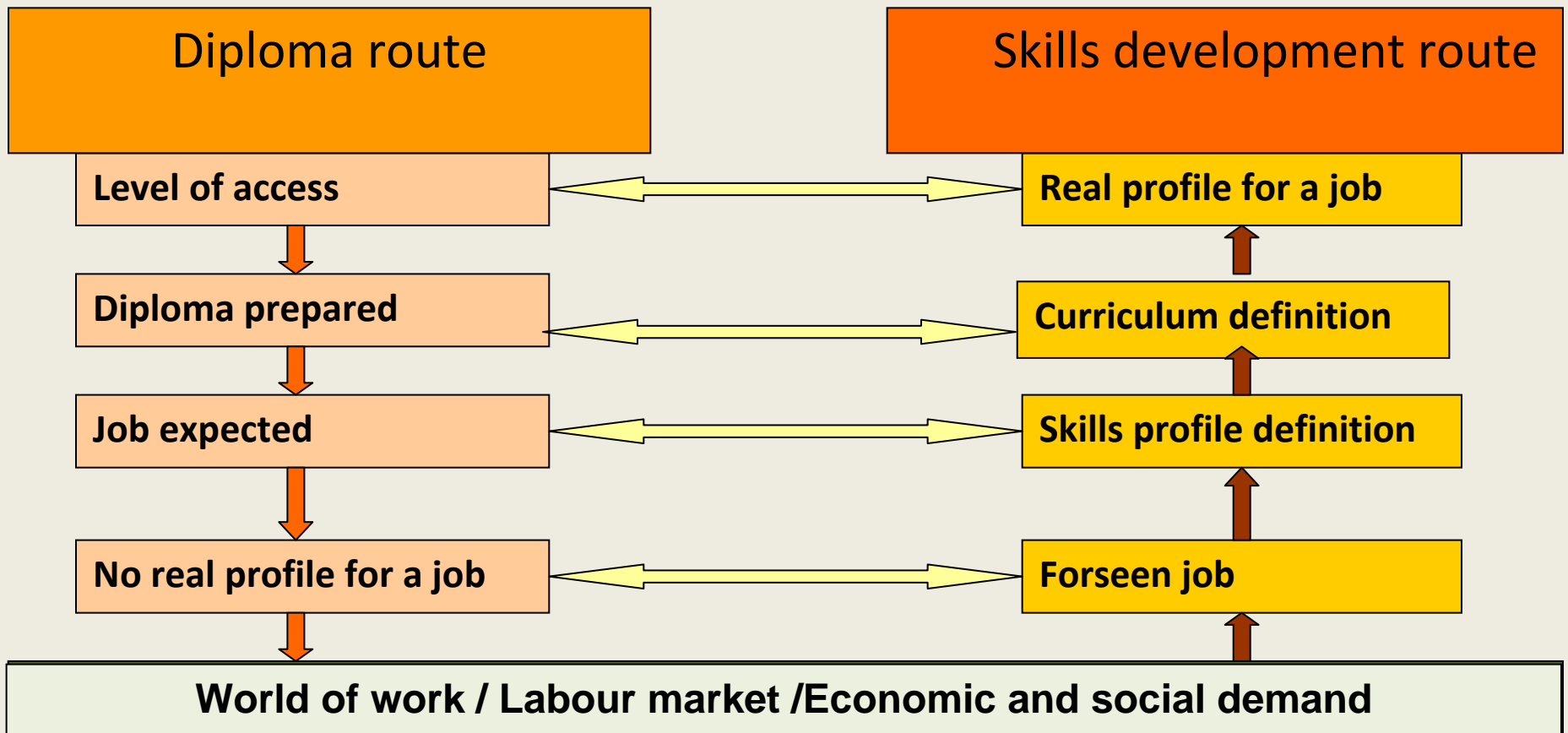


Public financing of TVET is insufficient to produce the skills young people need at national level to enter the world of work

Towards a paradigm shift: From TVET to TVSD



Towards a paradigm shift: From supply-led to a demand-led TVSD



Towards a paradigm shift:

Linking financing with a comprehensive concept of cost

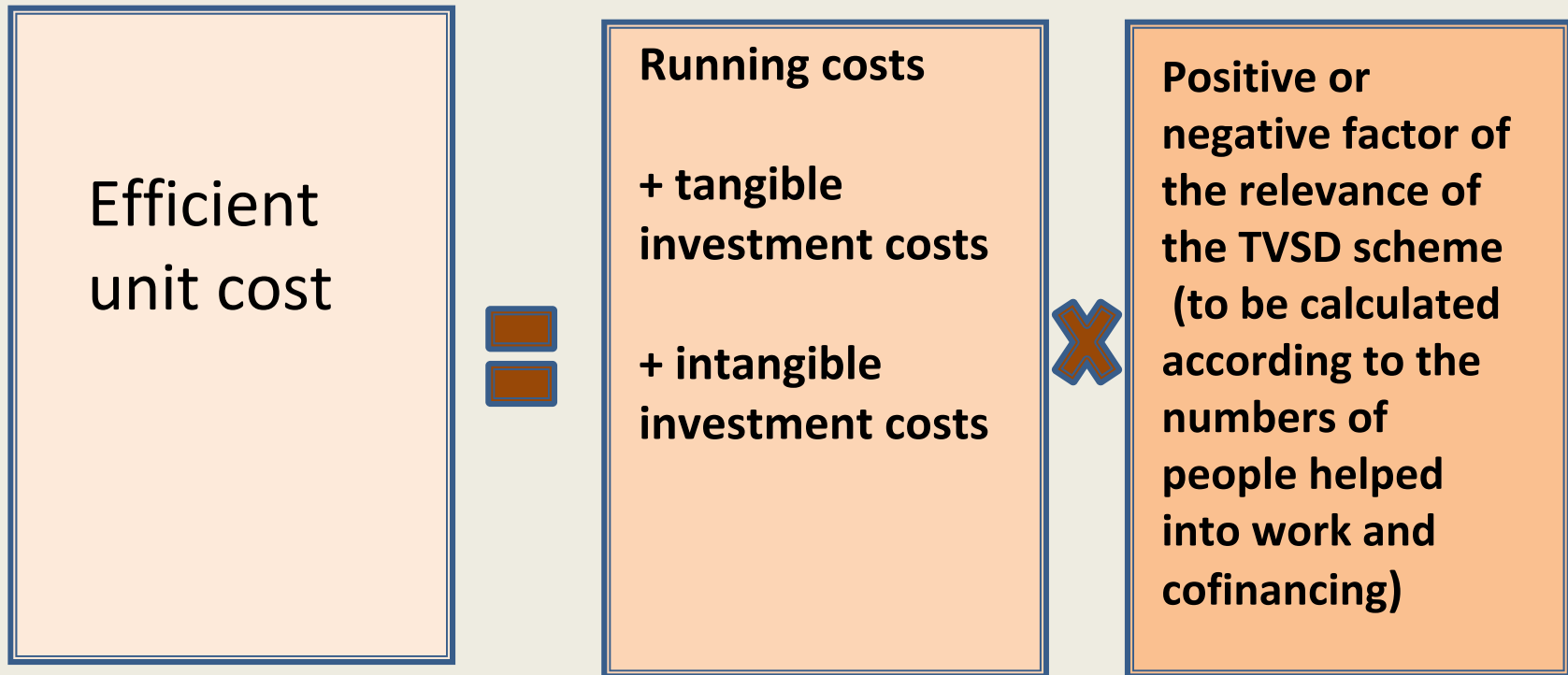
- Current financing is generally improving existing provision of TVET according to the available budget
- Financial resources are mostly agreed without taking into account the unit cost of the chosen training scheme
- When the unit cost is known, it mainly takes into account the running costs (salaries, expenditures for current needs, etc.)
- This unit cost ignores/underestimates tangible investment costs (updating of equipment and technologies) and intangible investment costs (innovation and continuous improvement)

Towards a paradigm shift: **Linking financing, unit cost and internal/external efficiency**

- Current funding arrangements take insufficient account of the costs of internal efficiency (the updating of the curricula, etc.)
- They rarely estimate the factors of external efficiency (numbers into work, response to the skills required by the world of work)
- They rarely include the cost of ensuring trainees enter the labor market
- They never take into account the cost of failure to get people into work

Towards a paradigm shift :

Linking financing, unit cost and internal/external efficiency



Number of trainees according to the chosen TVSD scheme

Towards a new approach to financing TVSD

Financing TVSD schemes according to the cost/efficiency ratio

Types of schemes	Running costs	Tangible investment costs	Intangible investment costs	Employment follow up costs	Relevance = efficiency + sustainability
Center-based training	++++	++++	+++	+++	Weak or very weak
Apprenticeship /dual training	+++	+	+++	+	Strong
Learning in the workplace	+++	+	+++	+	Strong

Towards a new approach to financing TVSD

Financing schemes according to the expected outcomes

The three types of schemes do not respond to the same needs

It is important to define criteria for deciding which scheme is the most appropriate according to:

- The social and economic goals and impacts to be attained: grow, added value, entry into the labor market, stimulation of a sector of activity by increasing the level of skills (**factor of performance**)
- The social categories and the educational levels of the beneficiaries to be trained (**factor of equity**)
- The optimization of the relationship costs/internal and external efficiency of each type of scheme (**factor of relevance**)
- The available means of financing and co-financing (**factor of sustainability**)

This approach applies to all the countries with specific criteria adapted to the situation of each of them

Merci

Thank you

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