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CONCLUSIONS AND RECOMMENDATIONS FROM THE ANALYSIS¹



Overview

The region is diverse and at different levels of development. This review's findings and recommendations, therefore, do not apply to all countries.

Following are the five top priority conclusions and recommendations flowing from the above analysis:

- The informal sector is the dominant segment of the labor market in most PICs and is where most school-leavers will have to find employment. Training for the informal sector has to become the top priority. This means sufficient new resources should be allocated for informal sector training, training strategies designed, and capacity built to support the rural and informal sectors, in part by boosting the technical expertise and delivery capacity of NGOs.

- Many issues in TVET derive from inappropriate and unclear organizational structures. Getting the structure right is, therefore, the first step to more effective TVET systems. Where possible, TVET systems should be governed by apex organizations such as national training authorities. These apex organizations should be based on partnerships among stakeholders and driven by those who represent demand for skills (i.e., employers). These apex organizations should have executive authority to link training supply with demand; to coordinate providers; to set priorities, policies, and directions; and to allocate resources.

- Choices about where to invest in skills development should be based on evidence of cost-effectiveness. Enterprise-based training should be expanded, e.g., apprenticeships, and institutional training needs to be closely linked with the labor market. However, rather than investing in integrating TVET into general secondary or primary schools—which is expensive, difficult to do well, and usually fails to confer better labor market outcomes on graduates—resources should be allocated to intensive training programs that are well grounded in the labor market and that target those who are in, or about to enter, the labor market.

- Quality in skills development requires three elements: occupational standards, sufficient inputs, and measurement of outputs against those standards. The development of occupational standards should be pursued through the design of NQFs, if the NQFs focus on outputs (competencies) rather than inputs (courses required), and avoid complexity. Minimum standards should be set for public TVET institutions and they should be subject to accreditation and periodic quality audits. In addition, output indicators should be defined and measured against the standards. Information on the impact of training should be developed, e.g., tracer studies of graduates, and factored into training policies and resource allocations.

¹ Appendix 7 presents the main points from the final workshop held in Nadi, Fiji Islands, on 8–10 May 2007.

- Current incentives in PIC TVET systems result in inertia. Budgets are given year after year regardless of performance. This review recommends that incentives be changed for those managing skills development. Managers of training institutions should be given authority through devolution, along with accountability for results. Results should be compared against targets and budgets should be allocated according to performance. At the same time, managers should be enabled to develop their capacities through in-service management development programs.

Tackling the reforms previously outlined would justify substantially increased public and private investment in skills development.

Relevance to Economic Requirements

TVET systems in the Pacific are relatively small in relation to enrollments in formal education, and make up relatively small proportions of the MOE budgets. However, TVET is increasingly important for national development because of the burgeoning number of youth who need training for the informal sector, because of skills needed for competitiveness in the global economy, and to fill skills shortages caused by economic growth and migration.

Recommendation: In view of its importance for national development, TVET should be accorded a prominent place in national development strategies and programs.

The introduction to this publication posed a series of questions, the first of which was: What is the purpose of TVET and skills development? The purpose is preparing for work and providing a livelihood, either in the formal or informal sector, not preparing for further education. A mental shift is needed. TVET should not be viewed as synonymous with education. TVET is providing service and should be demand, not supply, oriented. Moreover, efforts at “articulation” between TVET and higher levels of education should be treated with caution. Financing students through a series of TVET levels, or using TVET as a stepping-stone to further education, is not cost effective in achieving preparation for employment.

Recommendation: As a rule, it is more cost effective to defer skills development and specialization until the trainee is close to entry to, or already in, the labor market.

What is the balance between the supply and demand for skills in the Pacific? Demand–supply imbalances characterize the labor markets in many PICs and affect adversely the development of PIC economies. This takes two forms. First, shortages of skilled labor occur in the formal economies in several PICs. Second, surplus unskilled labor occurs in the formal sector of almost all countries in the region leading sometimes to significant youth unemployment. Consequently, more and more people have to work in the informal sector or emigrate, and need skills to do so productively.

The imbalances in the formal sector of the labor market are caused by (i) job creation from economic growth, (ii) inadequate supply chains, as in PNG; or (iii) emigration of skilled workers (as in the Cook Islands, Fiji Islands, RMI, and FSM). Emigration has advantages—it relieves unemployment, and in the southern rim countries contributes to substantial remittances. However, it also creates or exacerbates skills shortages.

Recommendation: Build up training for the wage sector in countries with high emigration, and include training to international standards to support emigration in view of its benefits (i.e., remittances and reduced unemployment).

Imbalances in the informal sector are caused by (i) excess new entrants to the labor market in relation to the generation of wage jobs in the formal sector, and (ii) inadequate attention to the needs for skills in the informal sector. One main finding of this review is the relative neglect of training for the informal sector. Formal education and training systems in PICs are unable to meet the learning needs of a growing number of vulnerable and disadvantaged groups who lack the technical and entrepreneurial skills to find a job or launch a small business. School-leavers are the major group affected, but rural women, the unemployed and underemployed adults, people with disabilities, and the dispossessed all require access to alternative learning opportunities if they are to improve their livelihoods, preserve their fragile environments, and escape rural and urban poverty. Training is an important requirement for the informal sector, self-employment, and better livelihoods. However, this is being handled haphazardly and with insufficient funding.

Recommendation: Training for the rural and informal sector must be placed at the top of the training agendas of most PICs. It must become a national spending priority to address the needs of the great majority of youth, women, and rural poor. Specifically, training plans should be prepared for the rural informal sector (e.g., Vanuatu), and the delivery capacity vastly improved. Target groups should be broadened, to cover not just school-leavers but also adults, especially women. Given the high incidence of subsistence farming, nonformal training for entrepreneurship and self-employment needs to be linked to the creation of value-added business in the agricultural economy. The delivery capacity of NGOs and other providers needs to be greatly strengthened (see below).

How can economically relevant TVET systems be built or strengthened in PICs? Three essential requirements exist: (i) adequate information; (ii) close linkages with the labor market, particularly with employers; and (iii) a flexible, responsive system of TVET supply. Each requirement is addressed in sequence below.

Most TVET systems in the region tend to operate in the dark both on skills demand and on supply. They lack feedback from their markets, such as labor market studies and tracer studies on the destination and performance of graduates.

Recommendation: Build national capacities to carry out labor market studies, tracer studies, and impact analyses, and factor this information into training policies.

The demand, or employer, side is underrepresented in the planning and direction of TVET systems. Similarly, communities tend not to be involved in identifying training needs for the informal sector. As a result, training operates in isolation and is supply driven. Engaging employers is not a simple matter for TVET systems. Employers' time carries a premium. Moreover, some employers have not thought through their skills requirements.

Recommendation: Increase to parity or a majority, employer representation in national training organizations. However, the challenges in engaging employers should be recognized. Their involvement should be concentrated on strategic inputs, such as overall planning and direction of the TVET system, identifying skill requirements, and evaluating the quality of skills produced.

Training supply, inadequate in numbers in many countries, also tends to be overly rigid in response to changes. Public training almost by nature tends to be resistant to change, in part because of long-term teaching staff contracts that need to be honored, and expensive investments in facilities and equipment that need to be made. The incentives are to continue the same programs year in and year out.

Recommendation: Make TVET more responsive to changes in the labor market by changing management incentives, introducing short-term contracts for instructors, replacing long-term training with modular programs, accommodating on-the-job training, and using CBT.² In places where the demand can be met quickly, such as rural and remote areas, mobile equipment may be considered, or training equipment can be lent to training institutions (it can be redeployed after saturation is reached).

Quality and Effectiveness of Training Provision

Where should training be provided? Training is mainly given in three places—schools, training centers, and enterprises. Most skills acquisition takes place on the job, not in training institutions. Training on the job may be the most effective means of delivery. Training in purpose-built centers can also be highly effective, as seen in TPAF in the Fiji Islands, if it is well linked to the requirements of employers. Integrating TVET into general secondary schools may be politically appealing, but it is difficult to put into effective practice for three reasons. First, trained instructors are in high demand but in short supply. Second, TVET is costly and budgets may be insufficient to cover the nationwide costs of equipment, maintenance, and consumable supplies for all schools. Third, the

² Defined as training that focuses on occupational standards, with students assessed on the achievement of those standards.

dominant ethos of secondary schools favors academic, examinable subjects rather than vocational pursuits. Moreover, TVET in secondary schools apparently does not confer advantages in the labor market on the recipient. Prevocational courses are delivered in most countries of the Pacific, but apart from Palau, this review found little evidence of effectiveness.

Recommendation: Where possible, expand apprenticeships and support for on-the-job training. Expand successful institutional training that is linked closely to the labor market, i.e., for the formal sector links with employers through work attachments—PICs generally have good intentions here—and for the informal sector through links with communities. Rather than investing in integrating TVET in general secondary or especially primary schools that is bound to be costly and difficult to implement in multiple schools, allocate the resources to purpose-built training institutions targeting those who have finished school and are in, or about to enter, the labor market.

Standards, Outputs, and Monitoring

Developing standards is the first requirement for quality training. Customers and employers should play a major role in determining standards. Standards should be expressed in terms of competencies (output requirements), not inputs. NQFs are being developed in many countries of the region. However, there may be overexpectations and underappreciation of the work involved in establishing NQFs. The difficulties and dangers in NQF systems should be recognized: tendency to overcomplexity and heavy staffing burden in establishing and maintaining NQFs. The second requirement is to identify and measure outputs and outcomes. Quality is difficult to ascertain in much of Pacific TVET because feedback and evaluation are lacking to provide information about outputs and outcomes, except for PNG, NATTB; Fiji Islands, TPAF trade tests; and Vanuatu, VIT competency tests.

Recommendation:

- NQFs should be designed to focus on outputs (competencies required), not inputs (courses). They should endeavor to avoid complexity.
- Output and outcome indicators should be developed and used as benchmarks to improving quality.
- Minimum standards should be set for public institutions. Public TVET systems should be subject to quality audits and accreditation, similar to that for private training providers (Fiji Islands, MOE; PNG, vocational centers).
- Postsecondary technical institutes should undergo periodic quality audits against regional and international benchmarks (e.g., Fiji Islands, FIT).

- The review endorses the work of PATVET and South Pacific Board for Educational Assessment in developing a regional qualifications register.

Postsecondary technical institutions are the key TVET institutions in the region. They have a special role to play in TVET reform, for example, FIT and its franchise program.

Recommendation: Postsecondary technical institutes should be used to support quality improvement of TVET systems. In this context, the proposed Australia–Pacific Technical College (Appendix 5) could make a major contribution to raising standards, but direct assistance to technical training institutes is also likely to be necessary.

Equity

Who should be trained, and to what extent are they trained? The review found that access to TVET is distorted in the Pacific. The most disadvantaged are females, low-income groups, and those living in remote areas. The FIT franchise program has helped improve access in rural areas to postsecondary technical training. TVET also suffers from a stigma in secondary education as a second-class option. This attitude can be countered best by allowing possibilities for further training through TVET—as the FIT franchise program does—and by linking TVET to well-paying wage jobs.

Recommendation: Countries should construct an “index of TVET opportunity” that compares annual intake into training (by gender, region, and income group) to the number of terminal school-leavers. Training opportunities for women should be broadened to promote their active participation in nontraditional trades and management-related subjects.

Training for the rural and informal sector in the Pacific suffers from low status in the eyes of parents, participants, and the community at large. This lack of esteem results, in part, from the lack of recognized qualifications associated with such training.

Recommendation: Informal sector training programs should be incorporated into national qualification frameworks, as is being done in PNG and Vanuatu. This could create greater interest and support for these programs and provide a quality standard against which to measure performance.

NGOs and other grassroots organizations play an important role in providing nonformal education in the rural and informal sectors of PICs. However, their ability to identify needs and to design and deliver effective labor market-oriented programs, is often weak, and needs to be strengthened by introducing relevant training methodologies and staff development.

Organization and Management

TVET is arguably the most difficult subsector to organize and manage. TVET systems in the Pacific suffer from a variety of weaknesses. These include unclear mandates (RMI, PNG, Solomon Islands, and Tuvalu), lack of coordination (the Fiji Islands and PNG), overcentralization (PNG at postsecondary level) and fragmentation (the FSM and most rural training). Other issues include low accountability for results and lack of coordination between government and NGO providers in training for the informal sector. Most of these issues are structural. Getting the organizational structure right is the essential first step to more effective TVET systems.

How should TVET be organized? First, TVET should be directed by partnerships of those representing the demand and stakeholders. Second, TVET should be elevated above ministries and managed as a service in apex institutions. Several national training councils already exist in the region, but are dominated by the public sector and have inadequate employer representation.

Recommendation: Where possible, TVET systems should be governed, planned, and guided by apex organizations such as national training authorities that are based on partnerships among stakeholders, particularly those representing demand (employers and communities). These apex organizations should link training demand with supply; coordinate training providers; set priorities, policies, and direction; and allocate resources. In short, they must have executive, not merely advisory, powers.

Part of the clarification needed is to differentiate the respective roles of government and the private sector. Just because the public sector needs to finance training does not also mean it must provide training—particularly if nongovernment institutions can provide needed skills at reasonable cost. The government cannot do everything and the private sector needs to help.

Recommendation: The functions of the public sector should be to develop TVET policies, carry out regulatory functions and accreditation, train instructors, collect data on TVET, monitor and evaluate TVET, coordinate efforts, and finance training both for equity reasons and to narrow skills gaps. In particular, the governments' role in supporting rural and informal sector training in PICs is inadequate and poorly defined. Governments—both national and local—should focus on establishing policy guidelines for training providers, on creating an enabling environment for the successful application of acquired skills and knowledge, and on facilitating the participation of vulnerable and disadvantaged groups in appropriate programs.

The role of the private sector should be to articulate needs and demands for training (i.e., what kind, what competencies, and how many); help to set standards for training; to provide internships; give complementary financing; and help with quality assurance.

Changing Management Incentives

Public budgets tend to be transferred to training institutions according to last year's budget without targets or conditions for performance. Managers tend not to be accountable for results. Moreover, public TVET institutions are often unduly constrained in freedom to act, adapt curricula, hire staff, and manage budgets.

Recommendation: Change management incentives. Establish performance targets based on outputs. Make budgets contingent on meeting performance targets based on outputs. Make managers more accountable for results, with incentives provided for good performance. Devolve authority to training institutions. Place postsecondary institutions under boards of stakeholders, devolve authority to training institutions so they can find their own markets, and mobilize resources (e.g., technical and business colleges in PNG). Devolution must be accompanied by accountability for results, workable financial accounting systems, and extensive management training.

TVET plans—where they exist such as in PNG, Solomon Islands, and Vanuatu—suffer from too many recommendations, lack of priorities, and lack of costing and budgeting. Little or no implementation ensues.

Recommendation: Existing plans should be translated into priorities, actions, costs, and budgets (PNG, Solomon Islands, and Vanuatu). In particular, strategies and costed plans need to be prepared for expanding service to the informal sector. Comprehensive new plans are needed in other countries, e.g., the Cook Islands, Fiji Islands, Kiribati, and FSM.

The review found that registration/accreditation of private training providers is resource intensive and consequently difficult to implement. It requires sufficient staff with expertise and travel budgets. Available resources concentrate on initial approval. Maintenance of accreditation registers is neglected.

Recommendation: Accrediting agencies should concentrate on accrediting the training institution for specific occupational training, not for individual programs or instructors as attempted in PNG). The resource-intensive nature of the activity should not only be recognized but must be budgeted accordingly (the Fiji Islands and Vanuatu).

PATVET is an embryonic organization that has considerable potential for strengthening TVET in the region.

Recommendation: PATVET should be supported as a network through which training practitioners can share experiences. PATVET should also develop into a service organization to provide support to its members. Regional projects have been proposed to launch this service in organization and management support (regional project no. 1), and financial support (regional project no. 2).

Finance and Internal Efficiency

Who should pay for training? Clearly, the government has a major role in financing TVET, particularly for purposes of equity, and it has to overcome critical skills shortages that are unmet by the private sector. However, its role in financing training does not mean that the government should automatically provide training. Subsidizing nongovernment training providers may be a better solution than through government-owned institutions. Some of the best TVET institutions in the region are nongovernment institutions—often church agencies such as Don Bosco and Montfort. To the extent that these institutions can accommodate trainees at less than full cost to government, they provide essential services that save public resources.

Recommendation: Where public money is limited, those who benefit—individuals who benefit through higher income and enterprises that benefit through raised productivity—should finance training increasingly. The Government should encourage the development of nongovernment and private training institutions that meet and exceed minimum standards of quality.

Overall, TVET systems appear to be underfinanced in most places in the Pacific. Available resources do not approach the needs. As a result, public TVET institutions tend to be chronically underfinanced in qualified staff, operable equipment, and consumable supplies, and consequently are unable to carry out their functions properly. This raises the question: Should TVET even be attempted, when budgets are insufficient to provide minimum standards? The answer may lie in mobilization of nonpublic resources.

Recommendation: In addition to raising contributions already mentioned, create incentives for training institutions to mobilize resources (as done at FIT in the Fiji Islands). Specifically, allow training institutions to keep resources they raise through tuition, production, and other activities.

Prudent allocation must also be made of scarce existing resources in TVET. Unfortunately, the review found few examples of sustained TVET via distance teaching, except FIT's superb franchise program and USP, which uses ICT to deliver distance programs by traditional lecture methods.

Recommendation: Internal efficiency should be improved, by (i) calculating and monitoring actual costs per trainee and per graduate, (ii) reducing the length of training, and (iii) making greater use of financial transfer mechanisms (i.e., placing performance conditions on recipients), such as through use of training funds.

As the issues are tackled, governments should be prepared to invest more in TVET, and invest more wisely in the strategic interventions outlined hereafter.

Priorities by Country Group

What are the priorities by country group? The top priority in land-rich, low-income countries is training for the informal sector, which means rural agriculture and related occupations. The informal sector is also priority for the small, vulnerable island group with special emphasis on delivering services to those in remote places such as the outer islands. Financial sustainability is also a major challenge for this group, making TVET systems affordable in some countries (Tuvalu) and reducing dependence on external financing in others (Kiribati, RMI, FSM, and Palau). Where possible, people should be trained to enable them to migrate at higher wages than if they had received no training. The top priorities for the “advanced” island states are expanding training for the wage sector and filling vacancies created through emigration.

Two areas have shared priority across all country groups—quality improvement and organizational development. Within the former, the principal means is establishing NQFs. These are especially important in countries that export skilled labor. The latter requires establishing or strengthening apex training organizations.

Strategic Interventions

What interventions would make a broad impact at reasonable cost? Governments and donor agencies should consider strategic targeting of investments, such as on the following interventions that promise impact on skills development at reasonable cost.

- Focus on the definition and measurement of outputs and outcomes, not merely inputs and processes, by developing standards, trade testing, and tracer studies.
- Collect and use labor market information on which to base policy development and adjustments in training supply.
- Establish or strengthen apex training agencies, such as national training agencies and councils to spearhead TVET reform. Such organizations need to be strengthened in the RMI, PNG, and Vanuatu and to be established in other countries, such as the Fiji Islands, Kiribati, and FSM.

- Concentrate on developing management systems and managers in TVET systems at both the central and institutional levels. Introduce targets and incentives for good performance based on measurement of outputs. This should include capacity building to increase financial sustainability.
- Change the way in which funds are transferred to training providers. Make the transfers contingent on performance and results, not last year's budget. In particular, establish training funds to stimulate innovation and compensate for past neglect of capital development. Such funds are sparsely used in the Pacific.
- Strengthen NGO and government capacities to design and deliver community-based training for the informal sector, especially to remote and isolated areas and target groups.
- Harness the potential of ICT and open and distance learning to expand service delivery at reasonable cost.

The proposed regional projects (Chapter 7) incorporate these strategic interventions.