

Innovative Financing Models for TVET: Case Studies from Singapore, India, Australia and Malaysia

**Sustainable Vocational Training towards Industrial Upgrading
and Economic Transformation**

December 2013 Beijing

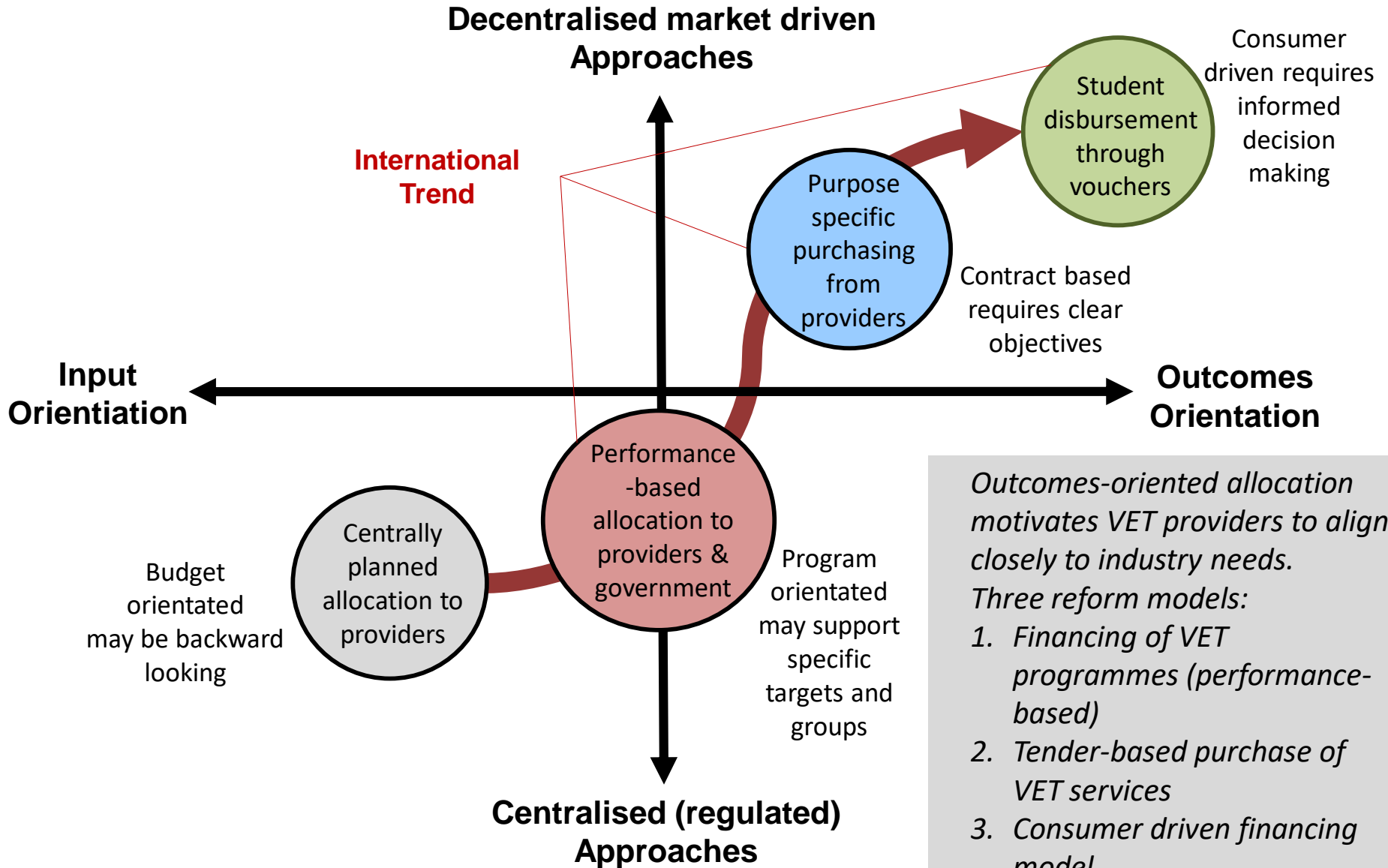
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Four Basic Allocation Models



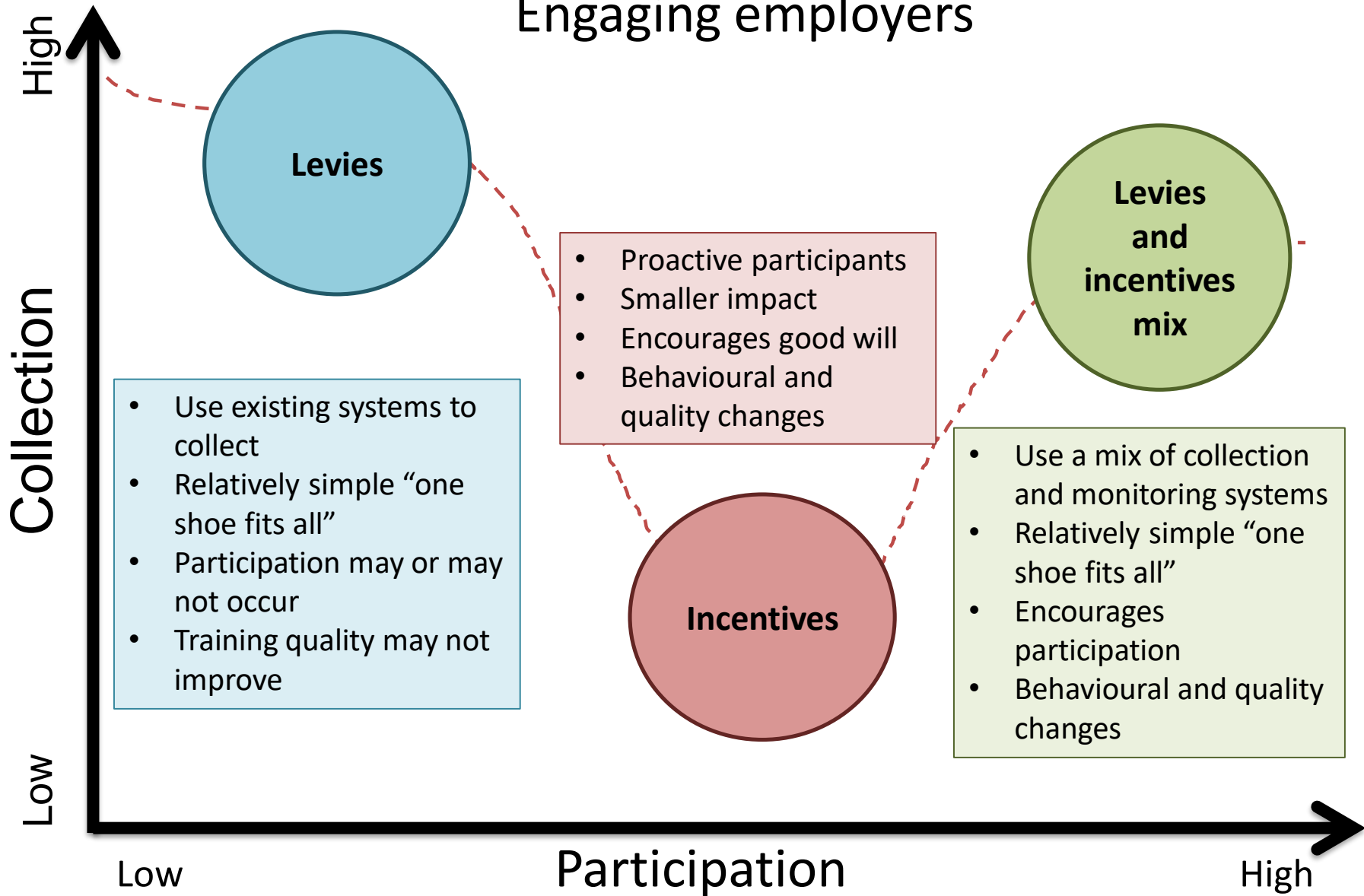
Outcomes-oriented allocation motivates VET providers to align closely to industry needs.

Three reform models:

- 1. Financing of VET programmes (performance-based)*
- 2. Tender-based purchase of VET services*
- 3. Consumer driven financing model*

Adapted from Heitmann, W. VET System Financing, GIZ

Engaging employers



Singapore Continuing Education and Training

Workforce Development Agency

Gov't Funding

Lifelong Learning Endowment Fund

Income from protected investment

Teacher training, training, infrastructure, admin, etc

\$3.6 billion

Private funding

All employees: full-time, casual, part-time, temporary and foreign workers

The collection of SDL and disbursement are managed separately

SDL contribution is not limited to the amount of funding the employer can obtain from SDF

\$200 Mil

Skills Development Levy
0.25% all remuneration

Central Provident Fund
Collects for WDA

Skills Development Fund

TVET System strengthening Incentives

Exemptions for employers for students who are on full-time industrial attachments arranged by TVET institutions, universities

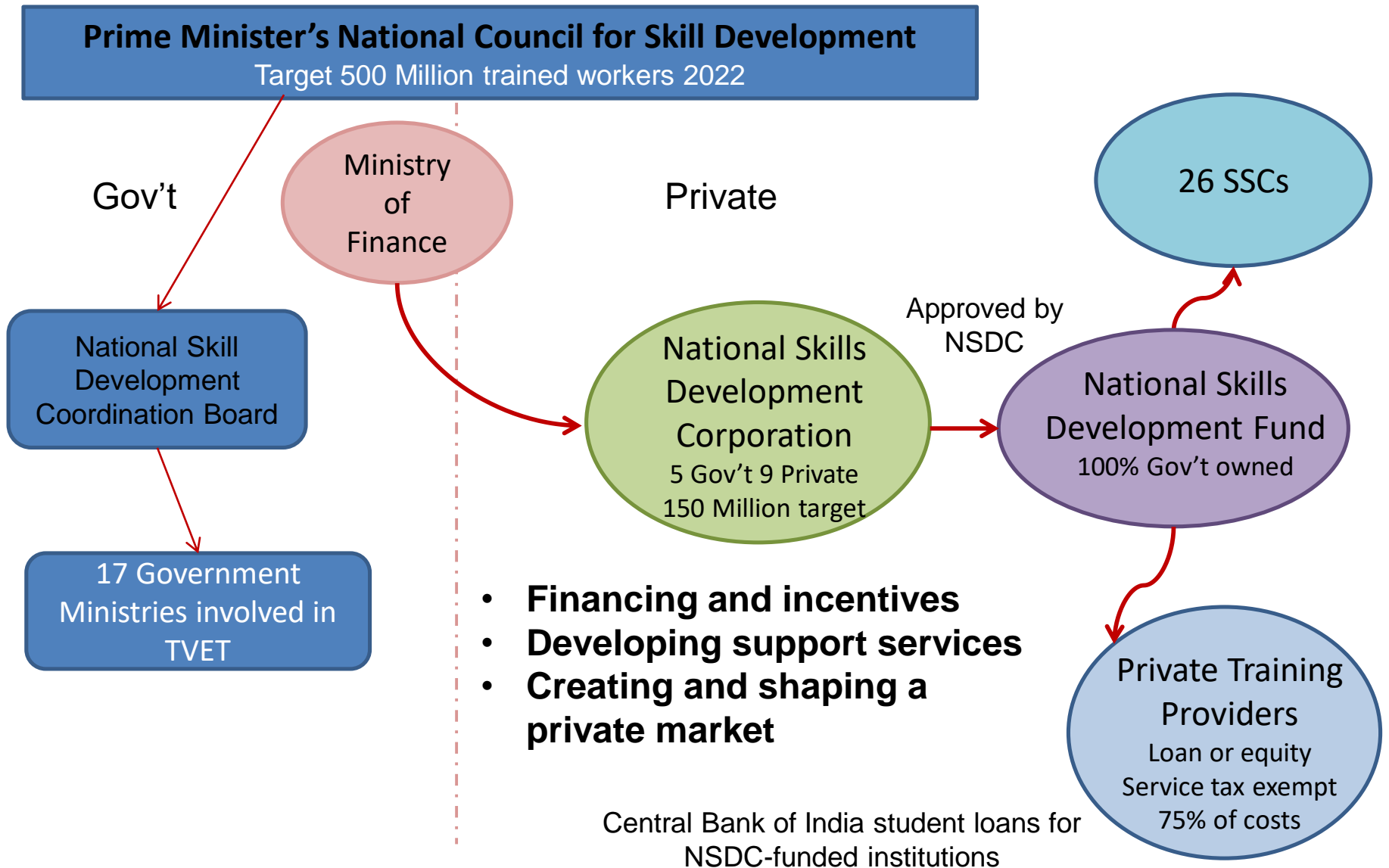
Equally available for public and private training

Singapore's Blueprint model of replicating good practice workplace training

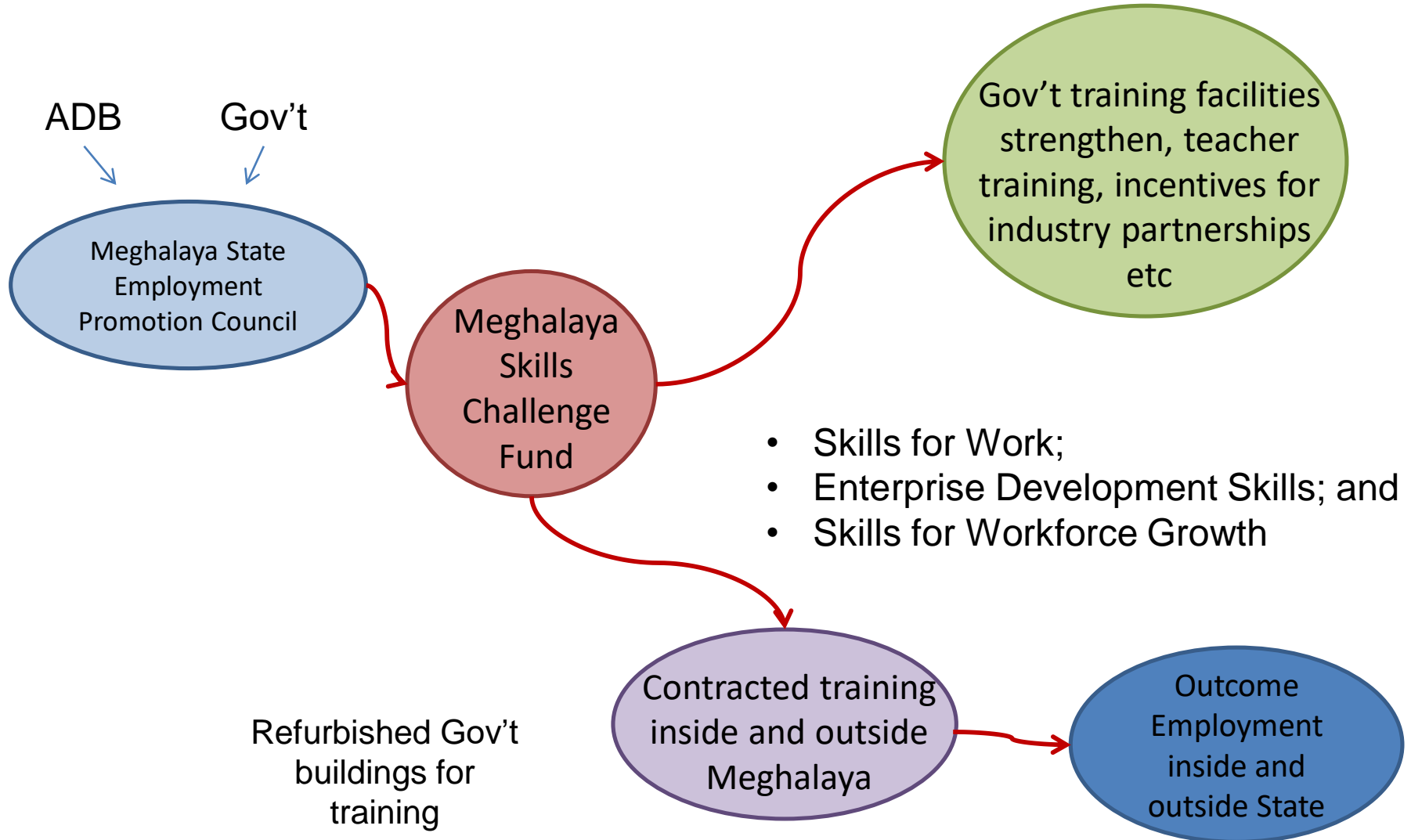
WorkPro encourages recruitment of older workers, back-to-work locals, or employee flexible work arrangements (FWAs)

Rapid Capacity development in India

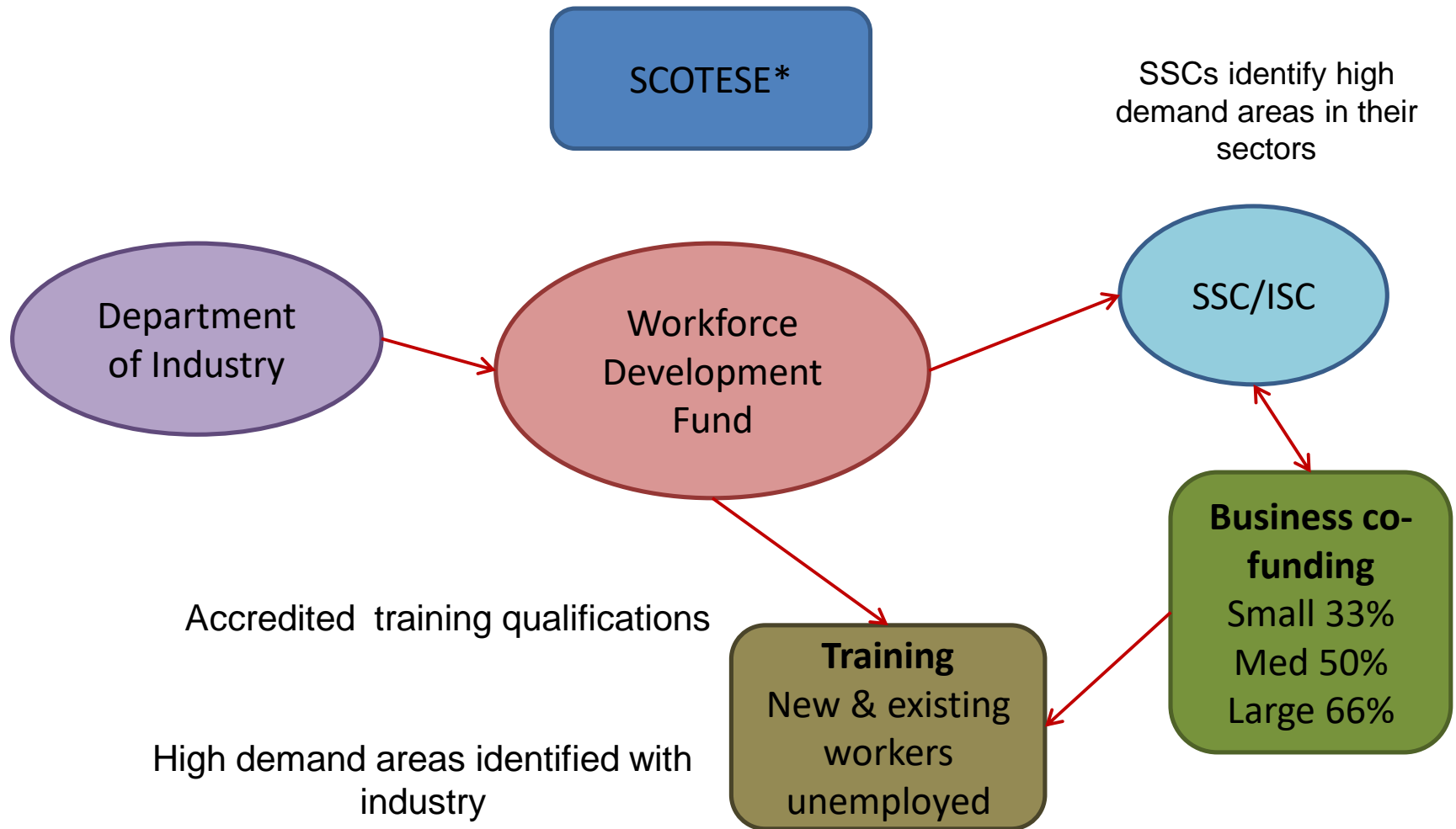
A private training market



Developing a training market remote areas of India



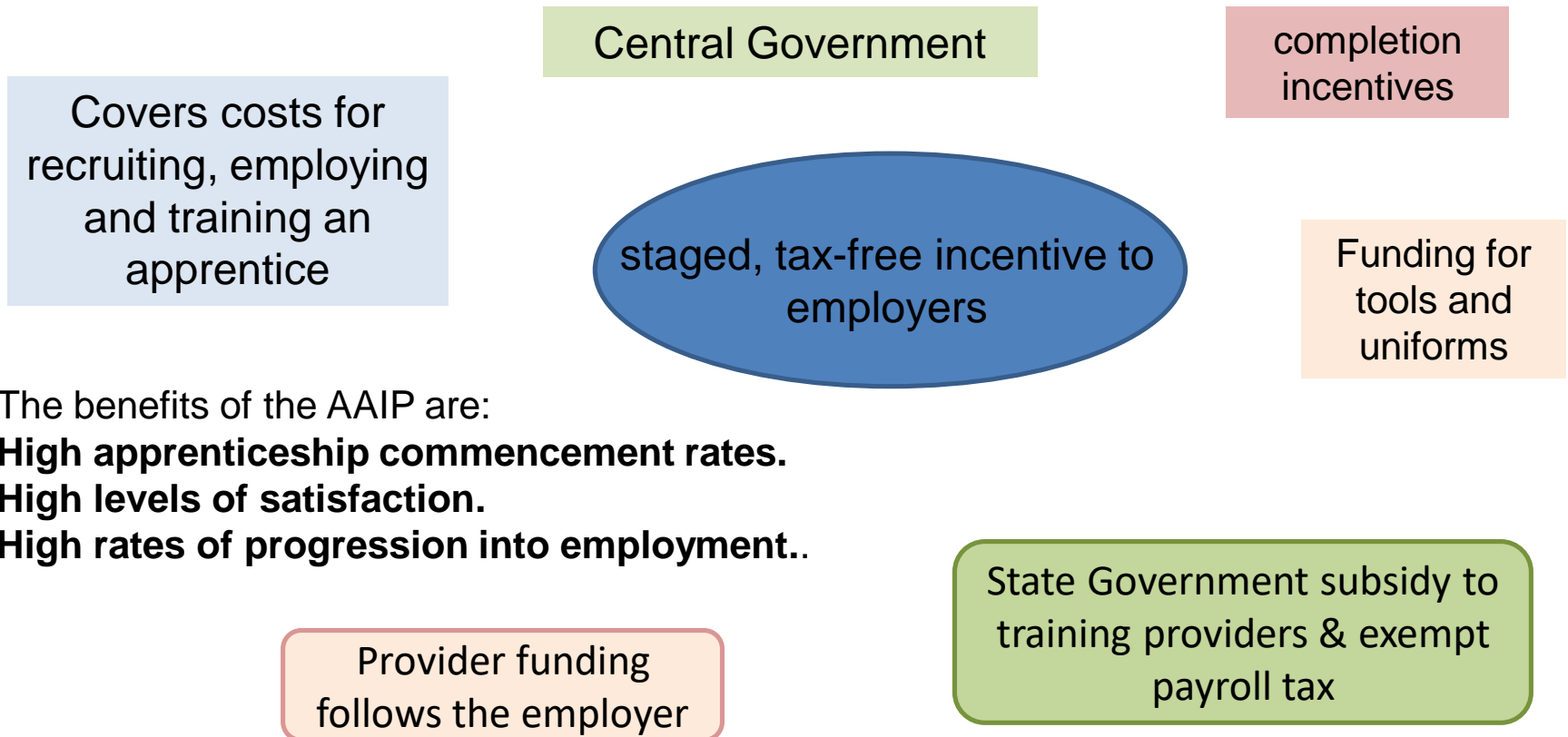
Australian Workforce Development Fund



*Standing Committee for Tertiary Education, Skills and Employment

Australia Apprenticeship Incentive Programme

Direct subsidy



The benefits of the AAIP are:

High apprenticeship commencement rates.

High levels of satisfaction.

High rates of progression into employment..

Limited impact on competition between providers. A preference for traditional providers and high costs of market entry limits competition among providers

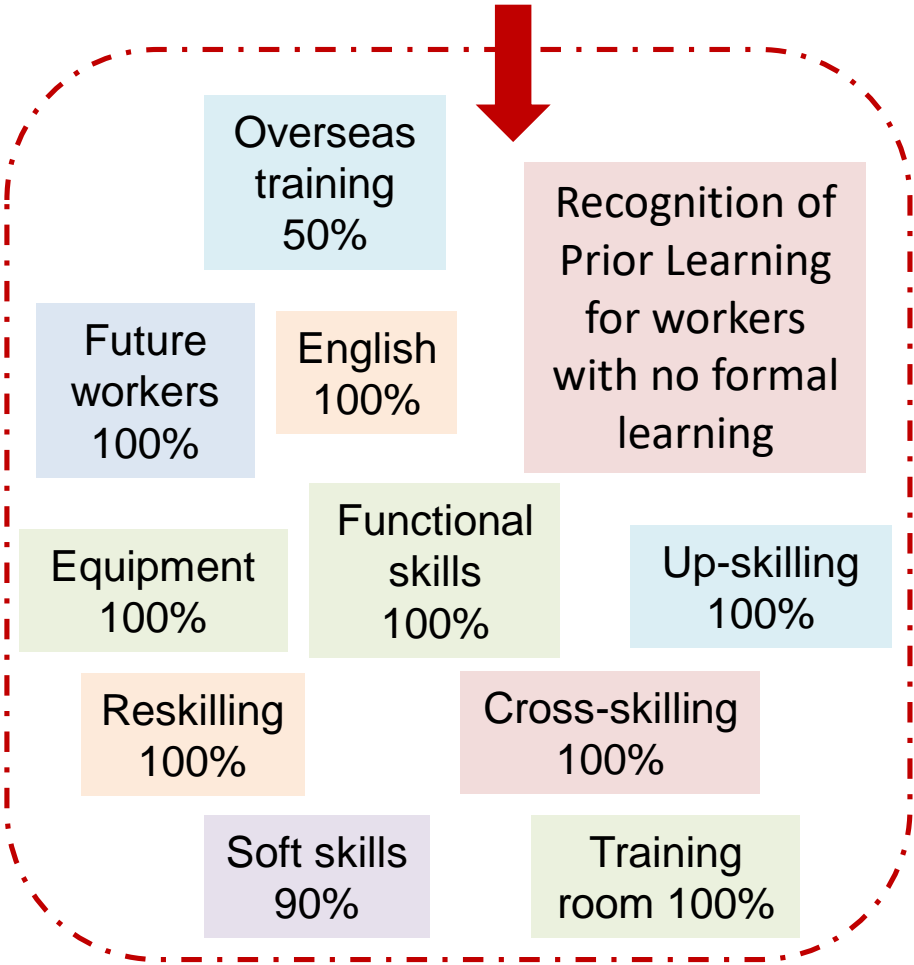
Human Resource Development Fund Malaysia

Employers who paid levy equal to the funds in their levy account

Human Resources Development Levy .5-1%

Aim to achieve a high income economy based on knowledge and innovation

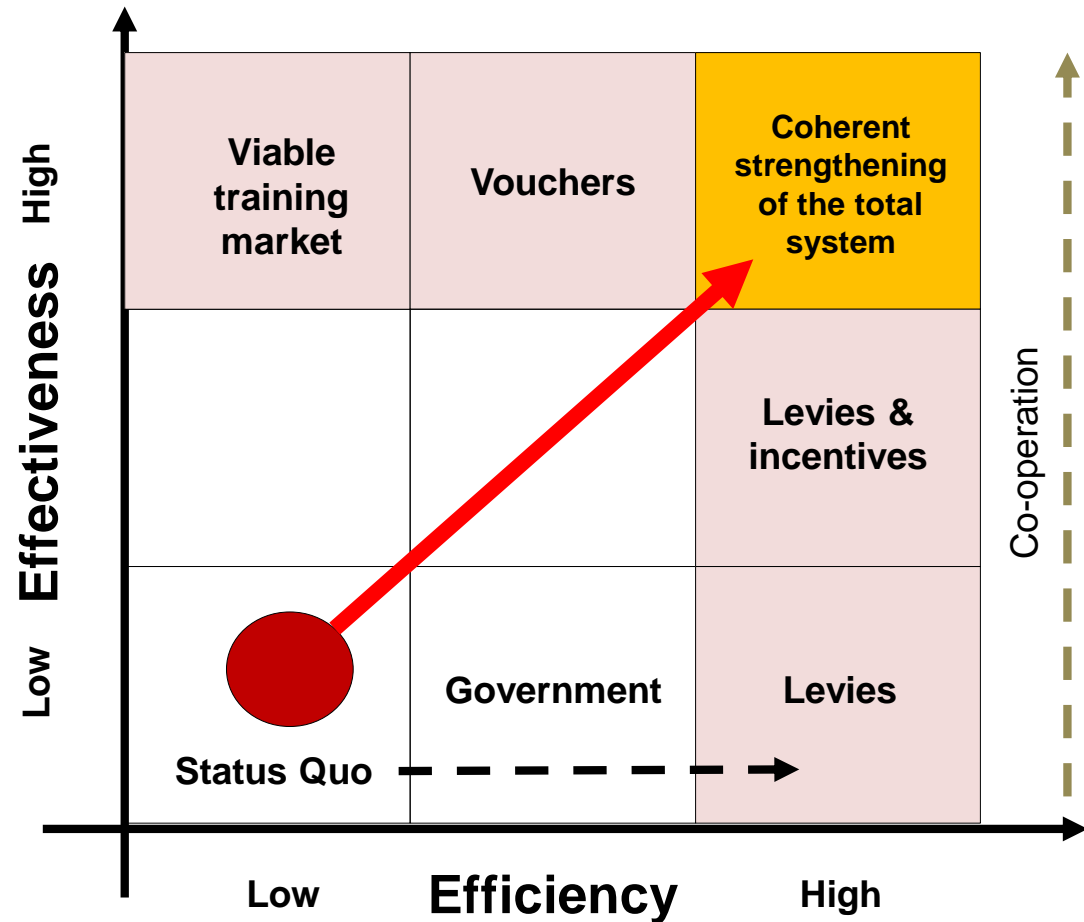
Collection Public Bank Berhad and RHB Bank Berhad



Efficiency and effectiveness of TVET co-financing policy

- **Efficiency:** Easy to access and choice
- **Effectiveness:** High collaboration with quality built in

Both are needed for sustainable TVET



Thank you for your attention

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