Public-Private Partnerships in Technical and Vocational Education and Training

Public-Private Partnerships in Urbanization: High Level Workshop
22 August 2013
Beijing, People’s Republic of China

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Types of Education PPPs

• Three main types of education PPPs to be discussed today:
  – Service delivery PPPs:
    • Government contracts with private operators to deliver teaching services
    • Government contracts with private operators to manage public schools and TVET institutes
  – Contracting with the private sector for the provision of school/TVET institute infrastructure
  – Voucher/subsidy programs
• Focus on technical and vocational education and training (TVET) sector
### Examples of Education and Training PPPs

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<tr>
<th>Type</th>
<th>Basic/Secondary Education</th>
<th>TVET</th>
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<td><strong>Service Delivery PPPs:</strong></td>
<td>• Education Service Contracting, Philippines</td>
<td>• Skills Contracting Program, Lao PDR (ADB Project)</td>
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<td>• Foundation Assisted Schools, Pakistan</td>
<td>• Reform of Technical and Vocational Training, KSA</td>
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<td>• Gyanodaya Senior Secondary Schools, India</td>
<td>• Specialist Skills Contracting Program, Lao PDR (ADB Project)</td>
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<td>• Promoting Private Schooling in Rural Sindh, Pakistan (World Bank Project)</td>
<td>• Basic/mid-level Skills Training Program, Nepal (ADB Project)</td>
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<td>• Private Management of Public Schools/Institutes</td>
<td>• Mid-Level Skills Training Project, Timor-Leste (ADB Project)</td>
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<td>• Contracting for the Delivery of Education Services</td>
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<td>• Concession Schools, Colombia</td>
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<td>• Independent Schools, Qatar</td>
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<td>• Charter/Contract schools, USA</td>
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<td>• Khazanah Trust Schools, Malaysia</td>
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<td>• Partnership Schools, NZ</td>
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<td>• Free Schools, UK</td>
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<td>• Penang Skills Development Center, Malaysia (Hybrid)</td>
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<td><strong>Infrastructure PPPs</strong></td>
<td>• Private Finance Initiative, UK&lt;br&gt;• PPPs for new school property, NZ&lt;br&gt;• Alberta Schools Alternative Procurement/New Schools Project, Alberta, Canada&lt;br&gt;• New Schools PPP, NSW, Australia&lt;br&gt;• PPP for School Infrastructure Project, Philippines</td>
<td>• Southbank Institute of Technology, Queensland, Australia&lt;br&gt;• ITE College West, Singapore&lt;br&gt;• Build-Transfer-Lease Program, South Korea&lt;br&gt;• Lao National Institute of Hospitality and Tourism, Lao PDR (Proposed)</td>
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<td><strong>Voucher/Subsidy Programs</strong></td>
<td>• PACES voucher program, Colombia&lt;br&gt;• Voucher scheme, Chile&lt;br&gt;• Voucher Scheme, Qatar&lt;br&gt;• Senior High School Voucher Program, Philippines (Proposed)</td>
<td>• Training Assistance Voucher Program, Lao PDR (ADB Project)</td>
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Strengthening Technical and Vocational Education and Training Project, Lao PDR

- ADB project (approved 2010)
- Significant use of PPPs:
  - Training assistance voucher program for public and private institutes
  - Strengthened industry involvement in development of skill standards/curriculum
  - Contracting with private firms to deliver training in high cost skill areas
  - Direct contracting with private TVET institutes for course/program delivery
Basic/Mid-level Skills Training Program, Nepal

- ADB project (approved 2013)
- Objective - close skills gap by providing basic or mid-level skills for people with low formal educational attainment and limited work experience
- Training and employment services provided by private and public providers
- Pay for performance – 50% of contract payment made based on verification of employment outcomes
- About 36,000 seats will be delivered by private training providers during life of project
Reform of Technical and Vocational Training, Kingdom of Saudi Arabia

- Expansion of TVET system from 100,000+ to 450,000+ students by 2020
- Improved quality of training
- Transition to PPP model:
  - Government will oversee and regulate training provision
  - Training institutes will be operated by private sector
  - Significant involvement of private sector in curriculum/standards development
  - Approximately 10 new PPP colleges with capacity of 25,000 students to be set up in 2013, with further ones established later
Penang Skills Development Center, Malaysia

- Established 1989
- Industry-led training center
- Located within the Free Industrial Zones
- Tripartite model - industry, academia, government
- Provides training and educational programs, advice on technological progress
- Courses from Certificate to Masters level
- 150,000+ trainees to date
Penang Skills Development Center, Malaysia

- Private and public finance
- Registered as an Institution of Higher Learning and Private Higher Education Institution in Malaysia
- Pool resources of 4 Free Trade Zones and 4 Industrial Estates in Penang (775 factories, 170,000+ workers)
- Private sector managed
- Not-for-profit entity
Build-Transfer-Lease System, Korea

- Build-Transfer-Lease (BTL) system introduced in school sector in 2005 – modelled on UK and Australian models
- Governed by The Act on PPPs in Infrastructure
- Key features:
  - Private contractors finance, design, build and operate schools for a period of 20 or more years
  - Government makes lease payments to private sector
  - Facilities transferred to the public sector upon completion of the contract
  - Core services provided by the Government
- Covers all levels of education – 3 BTL projects completed at technical college level
Proposed Lao National Institute of Tourism and Hospitality PPP, Vientiane, Lao PDR

- Not-for-profit training institute
- Curriculum benchmarked on ASEAN good practice and competency standards
- Key elements:
  - Government of Lao provides free land to LuxDevelopment
  - LuxDevelopment constructs and operates training institute on ½ of land
  - Private company operates commercial hotel on other ½ of land under concession from Government – no lease payment
  - Payment in lieu of lease payment made by hotel operator directly to training institute to finance its operation
  - Training institute financed by tuition fees, hotel payment and other revenues
Potential Benefits of PPPs in TVET

• Potential benefits from PPPs including:
  – Increased financial resources for TVET sector
  – Increased access to TVET
  – Overcome public service operating restrictions - eg. obsolete salary scales, restrictive civil service work rules
  – Increased relevance of TVET programs
  – Bring new skills to the TVET sector
  – Good instrument for targeting assistance – eg. girls/women
  – Sustainability of outcomes

• Need well-designed policy framework and institutional governance to implement effectively
Conclusions

• Variety of policy objectives – improved quality, greater relevance to labor market needs, increased efficiency, better sector management, etc

• Many potential PPP models – suit different country and developmental contexts

• Context important PPP common characteristics:
  – Government as funder/regulator, Per-student funding
  – Autonomous management, Accountability, Outcomes focused

• PPPs do not mean government shirking its responsibilities

• Good regulation is critical:
  – Promote innovation
  – Incentivize private sector
  – Avoid unintended consequences
ADB Education Website

www.adb.org/education