

5th PRC-ADB Knowledge Sharing Platform Sustainable Vocational Training towards Industrial Upgrading and Economic Transformation

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Defining Public-Private Partnerships

A PPP refers to a contractual arrangement between public (national, state, provincial, or local) and private entities through which the skills, assets, and/or financial resources of each of the public and private sectors are allocated in a complementary manner, thereby sharing the risks and rewards, to seek to provide optimal service delivery and good value to citizens.

– Public-Private Partnership Operational Plan 2012-2020, ADB

Differs from traditional model of service delivery:

PPP model = public financing + private delivery

Compared to...

Traditional model = public financing + public delivery



Key Elements of PPPs

1. Formal arrangement between public and private sector
2. Private delivery of public services
3. Public agency ultimately responsible for service delivery
4. Arrangement often based on explicit contract
5. Focus on outputs/outcomes, not inputs
6. Risk sharing between public and private sectors.

Range of Private Sector Participation (PSP): PPP as a Form of PSP



Potential Benefits/Risks of PPPs

Benefits

- **Efficiency**
- **Quality of service delivery**
- **Specialized skills**
- **Overcome public service operating restrictions rules**
- **Innovative service delivery**
- **Focus on comparative advantage**
- **Increased access, particularly for the poorly served**
- **Transparency**
- **Sustainability**

Risks

- **Complex arrangements**
- **Require considerable design, implementation and monitoring capacity**
- **Inadequate regulatory environments**
- **Lack of competition in some markets**
- **Quality of service delivery**

Classifying PPPs in TVET

- ❑ **PPPs widely used around the world at all levels of education**
- ❑ **PPPs can involve private sector contributing to public sector and vice versa**
- ❑ **Many different forms of PPP:**
 - **Industry linkages**
 - **Infrastructure PPPs**
 - **Demand-side financing initiatives**
 - **TVET support services**



Classifying PPPs in TVET

Industry Linkages



- Curriculum/program development
- Student/job placement
- Staff exchanges
- Training of TVET instructors
- Applied research and consultancies
- Private representation on governing/advisory boards
- Centers of Excellence
- Private provision of equipment, land, staff, curriculum, etc
- Philanthropy

Infrastructure PPPs



- Private finance, design, construction and operation of teaching facilities and workshops
- Equipping and maintenance of workshops

Demand-side Financing



- Scholarships/training vouchers
- Incentives for private providers: free land, soft loans, subsidies, tax/ customs duty exemptions
- Introduce competitive contracting of course/program delivery to private TVET institutes
- Private management of public TVET institutes

Support Services



- Private involvement in TVET strategy development - eg. national training agencies
- Private quality assurance systems
- Standard setting
- Skill certification
- Private information and testing services

Examples of Education and Training PPPs

Type	Examples	
	Basic/Secondary Education	TVET
<p>Type 1: Service Delivery PPPs:</p> <ul style="list-style-type: none"> • <i>Contracting for the Delivery of Education/Training Services</i> 	<ul style="list-style-type: none"> • Education Service Contracting, Philippines • Foundation Assisted Schools, Pakistan • Gyanodaya Senior Secondary Schools, India • Promoting Private Schooling in Rural Sindh, Pakistan (World Bank Project) 	<ul style="list-style-type: none"> • Skills Contracting Program, Lao PDR (ADB Project) • Reform of Technical and Vocational Training, KSA • Specialist Skills Contracting Program, Lao PDR (ADB Project) • Basic/mid-level Skills Training Program, Nepal (ADB Project) • Mid-Level Skills Training Project, Timor-Leste (ADB Project)
<p>Type 2: Private Management of Public Schools or Institutions</p>	<ul style="list-style-type: none"> • Concession Schools, Colombia • Independent Schools, Qatar • Charter/Contract schools, USA • Khazanah Trust Schools, Malaysia • Partnership Schools, NZ • Free Schools, UK 	<ul style="list-style-type: none"> • Penang Skills Development Center, Malaysia (Hybrid)

Examples of Education and Training PPPs

Type	Examples	
	Basic/Secondary Education	TVET
<p><i>Type 3:</i></p> <p>Infrastructure PPPs</p>	<ul style="list-style-type: none"> • Private Finance Initiative, UK • PPPs for new school property, NZ • Alberta Schools Alternative Procurement/New Schools Project, Alberta, Canada • New Schools PPP, NSW, Australia • PPP for School Infrastructure Project, Philippines 	<ul style="list-style-type: none"> • Southbank Institute of Technology, Queensland, Australia • ITE College West, Singapore • Build-Transfer-Lease Program, South Korea • Lao National Institute of Hospitality and Tourism, Lao PDR (Proposed)
<p><i>Type 4:</i></p> <p>Voucher or Subsidy Programs</p>	<ul style="list-style-type: none"> • PACES Voucher program, Colombia • Voucher scheme, Chile • Voucher Scheme, Qatar • Senior High School Voucher Program, Philippines (Proposed) 	<ul style="list-style-type: none"> • Training Assistance Voucher Program, Lao PDR (ADB Project)

Challenges to Implementing PPPs in Education and Training

- Traditional focus on infrastructure
- Government resistance to private sector/PPPs
- Procurement issues - contracting
- Modality and project time horizon
- Bankability of the potential projects
- Lack of appropriate Policy frameworks
- Need for incentives that support innovation
- Awareness/experience in designing and implementing PPPs
- Need for 'advisory' work

Conclusion – 1

Different Types

- Perception that PPPs only relevant to infrastructure and ‘hard’ infrastructure – eg. roads, energy
- Not so:
 - Various types of PPPs – service delivery, management contracts, vouchers, ancillary services
 - Education PPPs are significant in infrastructure space:
 - In 2008, educational facilities made up 47.6% of signed deals/37% of value of signed deals in Republic of Korea
 - In 2012, the education sector was third largest in terms of value of signed deals under UK PFI program (£7.7 B)
 - In 2012, education was first in terms of deals and second in terms of deal value in Europe

Conclusion – 2

PPPs in TVET

PPPs are generally well suited to the TVET sector because:

- Relatively stable/predictable demand growth
- Large and growing private sector in many countries
- Relatively short project lead times
- Less technically complex infrastructure than other sectors
- Seasonal nature of business operation
- Fewer safeguard/land clearance issues

Conclusion – 3

Summary

1. Many potential PPP models
2. Context important – country governance, financial management/administrative capacity, size and nature of non-government sector, fiscal situation, etc
3. Not a panacea
4. PPPs do not mean government shirking its responsibilities – different policy tools
5. Good design, regulation and implementation are critical