An Assessment of TESDA Scholarship Programs

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List of Acronyms and Abbreviations

APIS	Annual Poverty Indicators Survey
CHED	Commission on Higher Education
COA	Commission on Audit
DBM	Department of Budget and Management
DepEd	Department of Education
DOLE	Department of Labor and Employment
FGD	Focus group discussion
ICT	Information and Communication Technology
IES	Impact Evaluation Survey
LEP	Ladderized Education Program
NCAE	National Career Assessment Examination
NCR	National Capita Region
NMS	National Manpower Summit
NSCB	National Statistical Coordination Board
NSO	National Statistics Office
OFWs	Overseas Filipino Workers
PESFA	Private Education Student Financial Assistance
PIDS	Philippine Institute for Development Studies
RA	Republic Act
TESDA	Technical Education and Skills Development Authority
TVET	Technical-vocational education and training
TVI	Technical-vocational Institutions
TWSP	Training for Work Scholarship Program
YP4SC	Youth Profiling for Starring Careers
ZBB	Zero-based budgeting

Executive Summary

This paper reports on the results of the review of the two major scholarship programs of the Technical Education and Skills Development Authority (TESDA), namely: (a) the Training for Work Scholarship Program (TWSP) and (b) the Private Education Student Financial Assistance (PESFA). The two scholarship programs account for 73% of the number of scholars among the technical-vocational education and training (TVET) graduates in 2007 (TESDA, 2010a). The paper was commissioned to be an input to the current effort of the Philippine Government to improve the policy-basis and result orientation of the budgeting process.

The primary objectives of the study are to determine (a) the internal efficiency (through the drop-out rate), and the (b) external efficiency (through the rate of employment) of scholars of the TESDA technical-vocational scholarship programs. These questions are designed to answer the basic policy question whether the program is worth spending scare resources on. Once these basic questions are answered, one can then go to the next set of operational questions aimed at identifying the avenues for improving the effectiveness and efficiency of the program. To address effectiveness, the study look at ways of improving (a) the selection of scholars, (b) the selection of skills that need promoting through scholarships, and (c) selection of training institutions. Finally, ways of improving the efficiency of delivering the service were also explored.

Given the limited time and resources, the study had to resort to second best methods and sources of data in reviewing the scholarship programs. Since there was no time and resources to do primary data generation, the study had to rely on data generated by TESDA. In particular, it did a re-analysis of the 2008 Impact Evaluation Study (IES) survey data to generate empirical evidence on the various issues of the study. It also used data from reports regularly submitted by the technical-vocational institutions (TVIs) to TESDA for one region - the National Capital Region (NCR). This data set is the primary source of official TVET statistics. Administrative data from the implementing units of the scholarship programs were also used. In addition to these data sets, three separate Focused Group Discussion (FGDs) involving relevant decision makers were also done. One was with national TESDA officials, another with the regional TESDA officials, and third was with the officials of the TVIs and TVI-employers.

The assessment shows that the scholarship programs are performing well in terms of internal efficiency as indicated by the high graduation rates particularly in recent years. They are not performing well though in terms of external efficiency as indicated by low employment rate. It is important to emphasize, however, that compared to general TVET graduates, the scholars, particularly PESFA scholars, but not TWSP scholars, are performing better compared to non-scholars in terms employment. Thus, the low external efficiency performance is a general TVET sector problem and not a problem specific to the scholarship programs.

The study also highlights some of the operational problems. Foremost of this is the weak monitoring and evaluation capacity. The primary indication of this is the lack of standardized reference period in computing the employment rate – the primary indicator of external efficiency. Unless there is good and consistent estimate of the employment rate, the assessment of the effectiveness of TVET, in general, and the scholarship programs, in particular, will remain in doubt. The selection of skills to support may have problems. This is clearly indicated by the TWSP which was supposed to address frictional unemployment problems but whose employment rates of its beneficiaries are lower compared to other scholars. This clearly denies its supposed greater market orientation compared to the other scholarships. While it appears that the private sector is sufficiently involved in many aspects of the training process, the low employment rate indicates that whatever has been done has not solved the relevance issue. Thus, there is need to find other ways of involving the private sector to improve the employment rate of TVET graduates. Finally, given the limited capacity at TESDA to manage the TVET sector, a fair question is whether administering several scholarship programs is justified particularly if the programs are not achieving their primary objectives.

An Assessment of TESDA Scholarship Programs[1]

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I. Introduction

To improve the policy-basis and result orientation of the budgeting process, the Philippine government embarked on a multi-year and multi-component Public Expenditure Management reforms. One of the new initiatives is zero-based budgeting (ZBB). The ZBB requires a periodic evaluation/review of major programs to avoid automatic program carryover and "incrementalism" in the department budgets. One of the programs that have been identified for review is the scholarship programs on technical and vocational education of the Technical Education and Skills Development Authority (TESDA). This paper reports on the results of the review of the two major scholarship programs of TESDA, namely: (a) the Training for Work Scholarship Program (TWSP) and (b) the Private Education Student Financial Assistance (PESFA). The two scholarship programs account for 73% of the number of scholars among the technical-vocational education and training (TVET) graduates in 2007 (TESDA, 2010a).

The TESDA Scholarship programs have been implemented for a while with doubtful performance. For instance from 2006 to 2008 the zero-based budgeting studies have noted that available records show that the program suffers from a high 6.1% drop-out rate and a low 28.5% employment rate among its graduates with huge variability in employment rates among its graduates across the regions. Commission on Audit (COA) reports for years 2006 to 2008 have noted these and have pointed out the need for an in-depth study on the reasons for this performance.

The primary objectives of the study are to determine (a) the internal efficiency (through the drop-out rate), and the (b) external efficiency (through the rate of employment) of scholars of the TESDA technical-vocational scholarship programs. These questions are designed to answer the basic policy question whether the program is worth spending scare resources on. Once these basic questions are answered, one can then go to the next set of operational questions aimed at identifying the avenues for

[1] Study commissioned by the Department of Budget and Management.

[2] Senior Research Fellow and Research Specialist, respectively, at the Philippine Institute for Development Studies (PIDS). All opinions expressed herein are those of the authors and not of PIDS nor of DBM. The very able research assistance by Earl Justin Concepcion and Emma Cinco are gratefully acknowledged. We also gratefully acknowledge the inputs provided by the respondents during the FGDs which were invaluable in providing a better picture of the TVET sector, in general, and the scholarships, in particular. An earlier version of this report has been presented to DBM. The report has also been sent by the DBM to TESDA for their comments. All errors are the responsibility of the authors.

improving the effectiveness and efficiency of the program. To address effectiveness the study would look at ways of improving (a) the selection of scholars, (b) the selection of skills that need promoting through scholarships, and (c) selection of training institutions. Finally, ways of improving the efficiency of delivering the service will also be explored.

The assessment shows that the scholarship programs are performing well in term of internal efficiency particularly in recent years. They are not performing well though in terms of external efficiency. It is important to emphasize, however, that compared to general TVET graduates, the scholars, particularly PESFA scholars but not TWSP scholars, are performing better in terms employment compared to non-scholars. Thus, the low external efficiency performance is a general TVET sector problem and not a problem specific to the scholarship programs.

The paper is organized as follows. The next section provides a description of the methodology and the data employed. A description of the TVET market and the scholarship programs is presented next. This is followed by the performance assessment of the program. The final section provides the summary and recommendations.

II. Methodology and Data Sources

Given the limited time and resources, the study had to resort to second best methods and sources of data in reviewing the scholarship programs. First, we relied heavily on primary data generated by TESDA. In particular, we did a re-analysis of the 2008 Impact Evaluation Study (IES) survey data to generate stronger empirical evidence on the issues of the study. The details of the re-analysis are contained in a separate background paper for the study (Orbeta and Abrigo, 2011). We also used the raw data from reports submitted regularly by technical-vocational institutions (TVIs) to TESDA for the National Capital Region (NCR). This data is supposed to be the basic source of information that goes into the official TVET statistics. We also used administrative data generated by the implementing units of TESDA to describe the performance of the scholarship programs through the years. Second, we conducted Focus Group Discussion (FGDs) with relevant decision makers of the programs. The first group consisted of national TESDA officials directly involved in administering the program. Another FGD was conducted with the NCR regional office and its district officials. Finally, an FGD with TVIs and TVI-employers was also conducted to understand the challenges faced by training institutions. The FGDs were designed to dig into the decision making process, and the opportunities and constraints facing the program implementers, which would help provide a better understanding of the issues in implementing the TESDA scholarship programs. The FGD instrument used are provided in Annex C.

III. The TVET Market

To better understand the performance of the TVET scholarship programs, it would be useful to provide a perspective of the TVET market. We do this by providing a description of both the client side and the training institution side.

TVET clients. The potential clients of TVET are of four types. First are those who are out of school and trying to improve their chances of entering the labor market. This includes (a) high school graduates, (b) secondary school leavers, (c) college undergraduates and (d) college graduates who want to acquire specific competencies in different occupation fields. Second are currently unemployed persons who are actively looking for work and would want to improve their chances of landing into jobs that are in-demand. This will include displaced workers because of closure of establishments, retrenchments or laying off due to economic or other related reasons. Third are returning OFWs who decided to remain in the country and who wants to avail of the Government re-integration program. Finally, currently employed persons who want to upgrade their skills or acquire new skills provided by TVIs (cf. Lanzona, 2008).

Data from the 2008 IES show that the largest bulk of TVET graduates before attending training are high school graduates (50%), followed by college undergraduates (16%), college graduates and beyond (13%) and previous TVET graduates (12%). In terms of status of employment prior to attending training the bulk (72%) came from the unemployed while 25% are actually employed and the remainder with no employment status indicated.

Another independent estimate of the structure of the TVET clients can be generated from the National Statistics Office's (NSO) 2008 Annual Poverty Indicators Survey (APIS) which shows that 61% of those attending post-secondary courses have secondary education; 38% have other post-secondary education an 0.7% are either college undergraduates or college graduates and above.

TVET Training Institutions. As of December 2009, there 4,041 TVET training institutions, 90% (3,628) of which are private. More than a third (68%) TVIs are located in Luzon, with around half situated in NCR (28%), Region IV-A (10%) and Region III (9%) combined. (TESDA, 2010b)

IV. Program Description

Private Education Student Financial Assistance

Rationale. The promulgation of Republic Act (RA) 6728, otherwise known as the "Government Assistance to Students and Teachers in Private Education (GATSPE) Act", in 1989 introduced the Private Education Student Financial Assistance (PESFA) Program, predating the Technical Education and Skills Administration (TESDA) created in 1994. PESFA is a financial assistance program granted to deserving

underprivileged students, which are targeted based on family income, geographical spread and student academic standing. Although the program covers students enrolled in technical and vocational courses, it was not until the enactment of RA 8545 or the "Expanded GATSPE Act" a decade after when administration of PESFA was divided between the Commission on Higher Education for enrolment in non-degree courses and TESDA for enrolment in non-degree technical-vocational courses. PESFA under TESDA has an annual budgetary appropriation of Php200 million.

TESDA-PESFA aims to improve equity and access to TVET opportunities, as well as to ensure immediate employment among its beneficiaries, at the micro-level. At the more aggregate level, on the other hand, the program seeks to induce investments in TVET, and to encourage technical-vocational institutions (TVIs) to offer courses that are more responsive to labor market demands.

Selection. The target beneficiaries of PESFA are the unemployed and underemployed. In general, PESFA scholars must have the following qualifications: (a) be at least eighteen (18) years old at completion of the training; (b) be a high school graduate; (c) has taken the National Career Assessment Examination (NCAE) or the Youth Profiling for Starring Careers (YP4SC)[3]; and (d) have an annual family income of at most Php120,000. In addition, grantees must pass the applicable pre-training qualifications required by the training program he/she wishes to enroll in. Selection of beneficiaries is determined through the local offices of TESDA.

In the early years of TESDA-PESFA, the selection criteria was more stringent requiring, for instance, beneficiaries to have not taken any post-secondary or higher education units after high school graduation. Also, beneficiaries must have a general average of not less than eighty (80) percent in his/her final year in secondary school.

Benefits. TESDA-PESFA is mainly a scholarship program, which includes the following: (a) full training cost per TESDA-approved cost schedule; (b) student allowance equivalent to Php2.80 per hour multiplied by the prescribed training hours; and (c) book allowance ranging from Php100-500 depending on number of months of prescribed training. Scholars may likewise benefit from the general support services provided to the TVET System by TESDA, including: (a) free career profiling, and (b) employment referral.

PESFA is administered using a voucher system. Each person may avail of PESFA only once. Since 2007, the vouchers may only be used in private TVIs for modular qualification-based training programs registered with TESDA, instead of the 1-2-3 years training programs followed by the TVET sector in earlier years. PESFA vouchers are non-transferable and not for sale. In addition, the vouchers may not

[3] NCAE is a paper-and-pencil test administered by the Department of Education (DepEd) to graduating students from both public and private high schools nationwide. In addition to a general scholastic aptitude, NCAE also measures technical-vocational aptitude, entrepreneurial skills, nonverbal ability and occupational interest. YP4SC, on the other hand, is a web-based multi-component career guidance program provided by TESDA. Unlike NCAE, which is only provided to graduating high school students, the YP4SC module is available online for anyone to use. Both programs aim to minimize the mismatch in career choices of its clients with respect to their skills and inclinations.

be used outside the province/district of his/her residence, except for the following reasons: (a) no registered program of the grantee's choice within the province/district of residence; or (b) registered program in adjacent province/district is more accessible to the grantee. Deferment may be considered only in cases of (a) serious illness, (b) death in the family or (c) other unavoidable circumstances that would prevent the scholar from continuing his/her studies.

Allocation. Based on the latest official poverty incidence estimates from the National Statistical Coordination Board (NSCB) and the number of high school graduates from DepEd, the Php200 million annual PESFA budget is allocated by TESDA Central Office to the different local TESDA units, i.e. regional and provincial/district offices, proportional to the expected number of poor high school graduates in each congressional district covered by the respective TESDA unit. The expected number of slots available for a given area is computed by dividing the budgetary allocation for the area by a fixed per capita cost[4]. Budgetary and slot allotments are disaggregated by region, province/district, and legislative district. Area-specific priority skills wherein scholars may enroll are identified in Qualification Maps prepared by local TESDA offices, in coordination with local industry leaders and partners.

Performance Metrics. Participation of TVIs in the program is conditional on their ability to meet the minimum performance standards set by TESDA. In 2010, for instance, based on results of the 2008 TESDA Impact Evaluation Study, TVIs must have at least: (a) fifty-five (55) percent employment rate within six months after end of training, and (b) eighty-four (84) percent certification rate among its graduates. TVIs which fail to meet the said requirements shall be delisted from the list of qualified TVIs for one (1) year.

Training-for-Work Scholarship Program

Rationale. The Training-for-Work Scholarship Program (TWSP) was introduced in 2006 largely as a response to findings presented in the Department of Labor and Employment (DOLE) National Manpower Summit (NMS) conducted in the same year. An initial Php500 million was provided to TESDA for 100,000 scholarship grants, covering either full or partial TVET costs, to address structural unemployment, as well as to pump-prime the economy. Unlike the more general framework expounded in PESFA, TWSP is more focused on skills trainings that are directly connected to existing jobs.

Selection. In addition to the unemployed and underemployed, TWSP target beneficiaries include displaced workers, both overseas Filipino workers (OFWs) and local workers as identified by the DOLE. Eligibility requirements for TWSP are more general than that for PESFA. This includes: (a) be at least fifteen (15) years old; (b) has taken the NCAE or YP4SC; and (c) has passed the applicable pre-training assessment or entry-level requirements.

[4] In 2010, the expected per capita cost is pegged at Php14, 000 per training program.

Additional qualifications are training program-specific. For instance, TWSP beneficiaries who wish to enroll in Ladderized Education Programs (LEP) must be at least high school graduate and enrolled in a TESDA- or CHED-approved ladderized program. Those who wish to be trained in Heavy Equipment Operation are required to have a valid driver's license. Pre-requisites for other training programs are specified in the respective training program's competency-based curriculum developed by TESDA.

When TWSP was first introduced in 2006, potential beneficiaries wanting to avail of the scholarship program registers at TESDA Regional, Provincial or District office, where TESDA officers assess their qualifications vis-à-vis the training program they want to enroll in. More recently, however, TVIs conducts the search, recruitment and pre-qualification of scholars under the supervision of TESDA. A summary of TESDA-TWSP procedural flow is provided in Figure 1.

Benefits. TWSP provides similar benefits to PESFA, to wit: (a) full training cost; (b) student allowance; (c) and other post-training services embedded in the TVET System support services of TESDA. TWSP does not provide a book allowance unlike in PESFA. However, the TWSP rate for student allowance is higher. TWSP beneficiaries identified as displaced workers by DOLE receives an income support fund amounting to half the regional non-agricultural sector minimum wage set by the Regional Tripartite Wages and Productivity Board. The rest, on the other hand, receives a training support fund equivalent to Php60.00 per day. The total support fund provided to beneficiaries is based on the number of days the scholar is present, but not more than the total number of training days identified in the competency-based curriculum developed for the respective training program. Beneficiaries under some sub-programs of TWSP, such as "Sa TEK-BOK, May Hanapbuhay Ka Program" and "TESDA Balik-Buhay sa Mindanao Program", receive tool kits after completion of the training program, in addition to those benefits already mentioned.

TWSP is also administered as a voucher system. Unlike in PESFA, however, the restriction on single availment of TWSP per person was lifted in March 2009 in support of the Economic Resiliency Program of the government in response to the 2009 global economic crisis. After March 2009, interested scholars may avail of two related training programs plus an optional language course. Another difference of TWSP with PESFA is the portability of the scholarship grant across regions, which is maintained by TWSP since its introduction in 2006. This means that TWSP vouchers issued in one region may be used by scholars for enrollment in any other region, where the voucher will be credited.

Allocation. TESDA Central Office allocates the scholarship budget to the regional units based on a formula. In 2011, for instance, TWSP budgetary allocation is proportional to the number of TESDA-registered training programs in a given region. Qualification Maps, which identifies regional targets on the number of beneficiaries by skill type, are prepared by TESDA local offices, and is submitted to TESDA Central Office for approval. The local units based their targets on the following parameters: (a) labor market demand by skill type; (b) geographical sectoral capacity; and (c) priorities set by the government economic program. The Central Office ensures that the proposed budget does not exceed the allotted budget for the regional unit.

Performance Metrics. Similar to PESFA, subsequent participation of TVIs are based on their ability to meet the minimum performance standards set by TESDA. In general, these requirements are more relaxed than those imposed in PESFA. The performance indicators include: (a) sixty (60) percent employment rate within one year after end of training; and (b) seventy-five (75) percent certification rate among its graduates. TVIs which fail to achieve the above conditions are subjected to a moratorium on their availment of scholarship vouchers from TESDA.

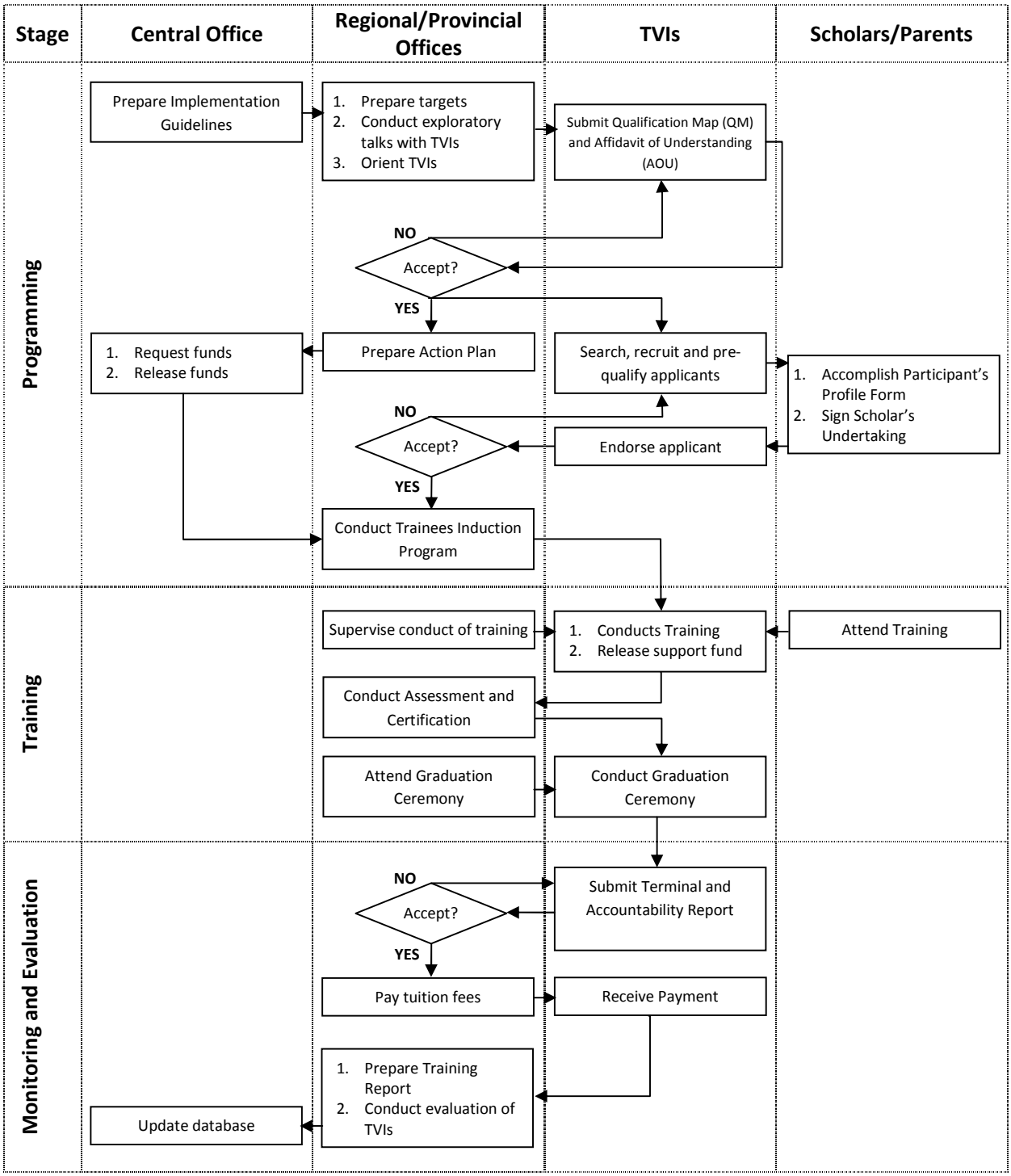
Table 1. Summary of TESDA scholarship programs, PESFA and TWSP

		PESFA	TWSP
Scope			
- **Program**	**Qualification/**	All Qualifications and Clusters of Competencies with Training Regulations as provided by various TESDA issuances; Critical competencies/qualifications approved by TESDA that respond to emerging and highly in-demand job requirements in the local and overseas labor market	
- **Providers**	**Training**	All private TVET institutions with TESDA-registered programs	All public and private TVET institutions and Enterprise-based training providers with TESDA-registered programs
Scholar's Qualification			
-	**General**	Has taken NCAE or YP4SC; Has passed the applicable pre-training assessment/entry level requirements of the qualification	
-	**Specific**	At least 18 years old on the completion of training; Annual family income of not more than Php120,000; High school graduate (TESDA Circular No. 08, s. 2010)	At least 15 years old
Benefits			
-	**General**	Free Career Profiling; Free full training cost per approved cost schedule; Employment referral	
-	**Specific**	Student allowance equivalent to Php2.80 multiplied by the prescribed training hours; Book allowance ranging from Php100-500 depending on number of months of prescribed training (TESDA Circular No. 08, s. 2010)	Income support fund for displaced workers at half the daily minimum wage per training day; Training support fund for others at Php60.00 per training day; Provision of tool kit as per approved cost schedule for select training programs; Free competency assessment
- **Policy**	**Containment**	Yes (TESDA Circular No. 08, s. 2010)	No
- **Availment**	**Multiple**	No (TESDA Circular No. 08, s. 2010)	Yes
Geographic allocation			
-	**Basis**	Number of high school graduates; Poverty incidence; Allocation proportional to the expected number of poor high school graduates in area	Labor market demand per qualification; Area sectoral capacity; Priorities set by the economic program
- **allocation unit**	**Basic**	Legislative district	Province/District
Performance indicator		55% employment rate within six (6)	60% employment rate within one (1)

	months after training; 84% certification rate (TESDA Circular No. 08, s. 2010)	year after training; 75% certification rate
Year Started	1999	2006

Source: TESDA Circular No. 20, s. 2009, on "General policies governing all TESDA scholarship programs" unless otherwise stated

Figure 1. TWSP Financial and Administrative Flowchart



Note: Adopted from TESDA (2009). Pangulong Gloria Scholarships: Financial and Administrative Procedures Manual. Document No. STP-015-SCH-01.

V. Assessment of Performance

Coverage. Table 2 provides an estimate of the proportion of TVET graduates that enjoyed scholarship support. It shows that although coverage is relatively low, it has quadrupled from 4% in 2004 to 17% in 2007 using data from the 2005 and 2008 IES (Table 2). This is largely because of the expansion of the TWSP. While the budget for PESFA hover around less than 200 million, TWSP's budget expanded from 200 million in 2006 to 5.6 billion in 2009 (Table 3). The number of TWSP scholars also increased from 200 thousand in 2006/07 to more than 700 thousand in 2009 (Table 4). For PESFA, on the other hand, the number of scholars is only around 20 thousand.

Table 2. Scholarship coverage

Survey	Total Graduates	With Scholarship	
		Number	% to Graduates
2008 IES	216,940	36,194	17
2005 IES	192,838	6,942	4

Note: 2008 refers to 2007 graduates; 2005 refers to 2004 graduates

Table 3. PESFA and TWSP Expenses (Php Million), 2006-2009

Scholarship Program	2006	2007	2008	2009
TWSP	211.93	1,060.00	1,350.00	5,660.00
PESFA	184.71	191.56	120.61	152.63

Source: TESDA-TWSP Project Monitoring Office

Characteristics of Scholars. It is obvious that characteristics determine outcomes. Hence, it is useful to look at the characteristics of scholars before they went into training. Unfortunately, we only have detailed data for TVET graduates from the 2008 IES and not for all TVET students. We use this data set of TVET graduates to describe the characteristics of scholars, particularly education and employment status, before they went into training. Table 5 shows that the bulk (50%) of TVET graduates are high school graduates before attending training. This cohort is distinctly higher among PESFA scholars (68%) compared to TWSP scholars (41%), other scholars (50%) and non-scholars (50%) TVET graduates. It also appears that a larger proportion of TWSP and other scholars have higher educational attainment before attending training compared to PESFA scholars. This is obviously because of the eligibility requirements as TWSP targets hard to fill jobs which cover not only traditional TVET courses but also some specialized IT courses and PESFA strictly targets high school graduates with no further training. If one computes the

estimated average number of years of schooling, the TWSP scholars have higher number of years of schooling completed than PESFA, other scholars and non-scholars. Thus, it can be said that the TWSP scholars have better educational background than PESFA, other scholars and non-scholars.

Table 4. Performance of Scholarship Programs

	2006-2007	2008	2009
TWSP			
Total Budget (in Php Million)	1,272	1,350	5,660
Number of Persons benefited			
Enrollees	222,698	156,931	743,465
Drop-outs	7,280	15,728	10,809
Graduates	215,418	141,203	732,656
Number Assessed			403,423
Number Certified			313,972
Number Employed	57,667	44,050	132,460
Performance Indicators			
Graduation Rate	96.7	90.0	98.5
Drop-out Rate	3.3	10.0	1.5
Certification Rate			77.8
No. of employed as % of graduates	26.8	31.2	18.1
No. of employed as % of enrollees	25.9	28.1	17.8
Average Cost			
Per Enrollee	5,711	8,603	7,613
Per Graduate	5,904	9,561	7,725
Per employed Graduate	22,056	30,647	42,730
PESFA			
Total Budget (in Php Million)	376	121	153
Number of Persons benefited			
Slots Available	27,075	28,032	18,478
Enrollees	30,725	15,929	17,205
Drop-outs			159
Graduates	28,913	23,845	17,046
Number Assessed			12,215
Number Certified			8,593
Number Employed			1,698
Performance Indicators			
Graduation Rate	94.1	149.7	99.08
Drop-out Rate			0.92
Certification Rate			70.35
No. of employed as % of graduates			9.96
No. of employed as % of enrollees			9.87
Average Cost			
Per Enrollee			8,871
Per Graduate	13,014	5,058	8,954
Per employed Graduate			89,890

Table 4 (Continued)

	2006-2007	2008	2009
All TVET			
Total Budget (in Php Million)	6,083	4,228	7,871
Number of Persons benefited			
Enrollees	3,879,279	2,013,920	1,982,435
Drop-outs	836,352	201,392	78,642
Graduates	3,042,927	1,812,528	1,903,793
Number Assessed	656,507	552,356	836,131
Number Certified	454,160	431,487	690,836
Number Employed			
Performance Indicators			
Graduation Rate	78.4	90.0	96.0
Drop-out Rate	21.6	10.0	4.0
Certification Rate	69.2	78.1	82.6
No. of employed as % of graduates			
No. of employed as % of enrollees			
Average Cost			
Per Enrollee	1,568	2,099	3,970
Per Graduate	1,999	2,332	4,134
Per employed Graduate			

Table 5. Education of TVET graduates prior to training

Education	Scholarship Type				Total Scholars	Non Scholars	Total TVET Grads
	Not indicated	PESFA	TWSP	Others			
Not indicated	-	1.6	1.1	1.8	1.3	6.1	5.3
Elem. undergrad/grad	6.1	0.4	0.7	0.4	0.7	0.8	0.8
High school undergrad	-	0.7	1.2	3.8	1.7	3.4	3.1
High school graduate	52.3	68.3	41.4	50.0	48.9	49.8	49.6
Tech-voc graduate	20.4	14.6	12.5	15.5	13.9	11.5	11.9
College undergrad	11.7	7.9	19.3	18.2	16.7	16.1	16.2
College grad/higher	9.4	6.6	23.7	10.3	16.8	12.3	13.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ave. Years of schooling\a	10.4	10.4	11.3	10.7	10.9	10.2	10.3

\a considers only those with education indicated, and used 3, 8, 10, 11, 12, 14 years for elementary undergraduate/ graduate, high school undergraduate, high school graduate, technical-vocational school graduate, college undergraduate, and college graduate, respectively

Source of basic data: 2008 IES

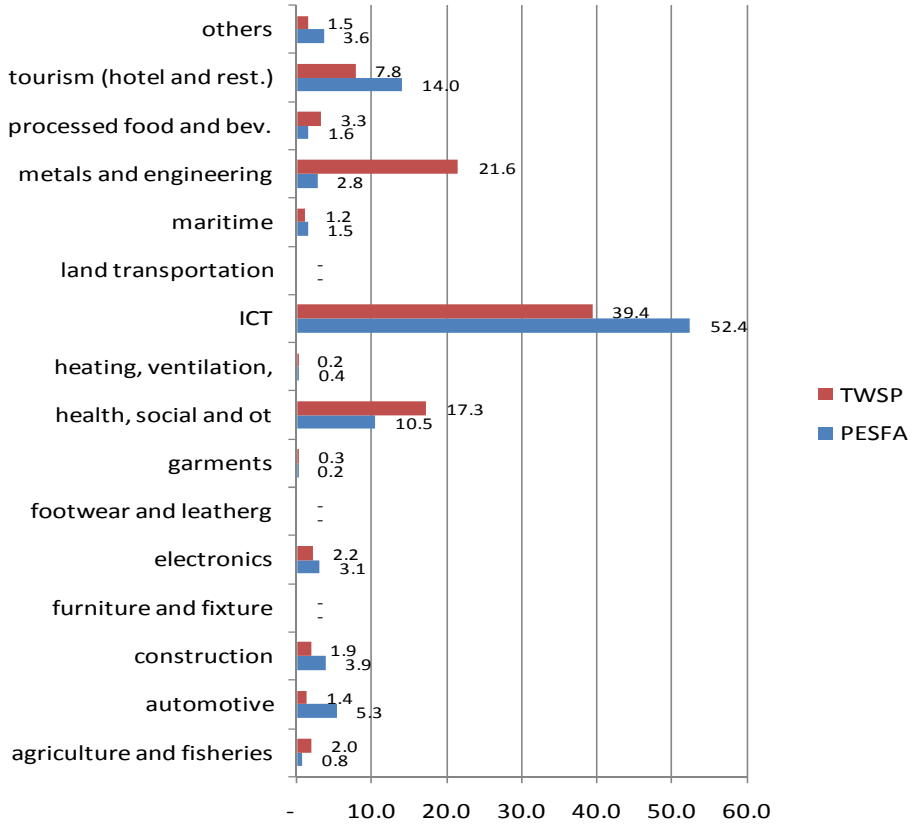
In terms of employment status before attending the training, more PESFA scholars (83%) are unemployed than TWSP (74%), other scholars (74%) and non-scholars (72%) (Table 6). Again this is perhaps due to the eligibility criteria of the scholarships with TWSP aiming at hastening the filling up of hard-to-fill jobs and allowing even the employed to avail of the program.

Table 6. Employment status of TVET graduates prior to training

Employment status	Scholarship Type				Total Scholars	Non Scholars	Total TVET Grads
	Not indicated	PESFA	TWSP	Others			
Not indicated	2.6	1.8	1.7	0.9	1.5	3.2	2.9
Yes	21.8	15.0	23.9	25.2	22.5	25.3	24.9
No	75.6	83.1	74.4	73.9	76.0	71.5	72.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source of basic data: 2008 IES

Figure 2. Distribution of TVET scholars by priority sector and scholarship program



Source of basic data: 2008 IES

In terms of distribution across priority sectors, both scholarships are heavy on information and communication technology (ICT) but more so for PESFA compared to TWSP (Figure 2). The other large groups are in metals and engineering and in health, social and others sectors, particularly for TWSP.

Internal efficiency. The internal efficiency dimension is measured by outcomes that are within the full control of the sector. Internal efficiency is usually measured in terms of graduation /drop-out rates. Another dimension of internal efficiency is the passing rate in competency assessments.

Graduation rates. The graduation rates data are generated from the administrative reporting system[5]. Table 4 shows that in 2009, the latest data available at the time of writing the report, the graduation

[5] There are problems with the administrative reporting system although this is seen to affect more the data on employment rather than graduation.

rates of the TWSP scholars is 98.5% while for PESFA is 99.1% (Table 4). Before 2009 the graduation rates, according to the administrative reports, are not very far from these proportions. Thus, it appears that there appears to be no problem of dropouts among scholars. This is particularly so if one notes that the graduation rates for the overall TVET sector is definitely lower although this has improved a lot recently[6]. During the FGD it was revealed that only the training cost of those who graduate are reimbursed by TESDA. This may have affected the reporting of graduation rates because definitely there is more motivation for TVIs to be complete in reporting graduates than in reporting dropouts.

Certification. In terms of certification, we use both administrative and impact evaluation study data. From the administrative reporting data, the certification rate reported for 2009 for the TWSP scholars is 78% while it is 70% for PESFA scholars, both of which are lower than that of the TVET-wide certification rate of 83% (Table 4).[7] As mentioned earlier, there may be problems with accuracy of the administrative reporting data. Hence, we compare this with estimates from the 2008 IES data. The IES 2008 data show that more than half (59%) did not take the assessment examinations on average (Table 7)[8]. This is also true among PESFA (51%) and TWSP (50%) scholars. The proportion certified as a percentage of graduates is similar for PESFA (38%) and TWSP scholars (40%) which are higher compared to non-scholars (32%) but appear to be lower compared to other scholars (46%). When one looks at the certification rates relative of those who took the assessment tests[9], the certification rates are similar to the administrative reports mentioned earlier, indicating that the administrative data, despite expected problems, is not far from the more reliable IES data. It is note worthy that PESFA and TWSP scholars have lower certification rates (77% and 80%, respectively) compared to the other scholars (84%) and even lower compared to non-scholars (83%). The lower passing rate for PESFA relative to TWSP, other scholars and even non-scholars are more understandable because as mentioned earlier they have lower educational (Table 5) as well as employment status (Table 6) backgrounds. Similarly, the poorer performance of TWSP scholars is a source of concern because education and employment background-wise they have as good or even better backgrounds than the other scholars and non-scholars.

That the passing rate is lower for TWSP scholars maybe a source of concern because the educational qualification (Table 5) as well as employment status (Table 6) prior to training is comparable with the other scholars. The lower passing rate for PESFA scholars may be more understandable because they tend to have lower educational qualifications and more are unemployed compared to the other scholars.

It should be noted that it appears the certification rate reported in the administrative data may be much higher than reported by the 2008 IES. Given potential problems with the administrative reporting system this may be understandable.

[6] Lanzona (2008) showed lower graduation rates/higher dropout rates in earlier years (2000-2005).
[7] Earlier estimates for 2000-2005 showed certification rates of 59% (Lanzona, 2008).
[8] It has pointed out by TESDA that some of the programs have yet no assessment tools at the time of the survey - 2007. Unfortunately it was not clear which programs have no assessment tools at the time of the survey.
[9] Since this refers only to those who took the assessment test, it must be appreciated with the qualification that there maybe self-selection involved here as it can be expected that only those who believe they have higher chances of passing the tests took the assessment test.

Table 7. Certification of TVET graduates

Assessment Results	Scholarship Type				Total Scholars	Non Scholars	Total TVET Grads
	Not indicated	PESFA	TWSP	Others			
As % of all graduates							
Not indicated	2.6	2.4	1.6	0.9	1.6	1.1	1.2
Passed	35.0	38.0	39.8	46.3	41.0	32.5	33.9
Failed	6.9	9.0	8.6	7.7	8.4	5.7	6.1
Did not take	55.5	50.6	50.0	45.1	49.0	60.7	58.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
PASSED AS % OF ASSESSED	78.6	76.9	79.7	84.3	80.4	82.7	82.2

Source of basic data: 2008 IES

External efficiency. External efficiency is usually measured by employment rate of TVET graduates. Having the necessary skills is only one aspect employment. There are also the demand side factors of employment that the TVET sector cannot be held responsible for. However, since skills trainings are geared more towards the prospect of employment than say, general education, employment rate is still a good indicator of external efficiency of TVET training. Thus, in assessing the external efficiency performance of the sector we know that a 100 percent employment rate may be an unfair benchmark. This needs to be at the back of the reader's mind in appreciating the following discussions.

It is important to recognize that there are several dimensions of employment. Besides the employment rate, we have duration of job search, utilization rate or usefulness of training to job, and the quality of employment. We also look at these other dimensions of employment in this section.

Employment rate. To assess impact of scholarship on employment, one needs to benchmark it with employment for all TVET graduates. The administrative data reports that for 2009 employment rate of TVET graduates is 18% for TWSP scholars down from 27% in 2006/07 (Table 4). For PESFA scholars, this is even lower at 10%. Unfortunately there is no official report on the employment of total TVET graduates. The reliability of the employment data for the total TVET sector is open to question due to the way administrative data are generated. This is discussed in Annex A.

Table 8. Employment of TVET graduates

Employment status	Scholarship Type				Total Scholars	Non Scholars	Total TVET Grads
	Not indicated	PESFA	TWSP	Others			

(a) First job after training:							
Not indicated	2.6	2.3	6.1	1.5	4.1	5.6	5.4
Yes	38.4	53.7	33.7	42.2	39.7	33.1	34.2
No	46.9	38.0	47.6	49.9	46.3	49.5	49.0
Continued with the previous job	12.0	6.0	12.6	6.4	9.8	11.7	11.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(b) Current employment:							
Yes	43.9	55.6	44.5	51.2	48.2	44.3	44.9
No	56.1	44.4	55.5	48.8	51.8	55.7	55.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source of basic data: 2008 IES

Given the way data was generated, a more reliable estimate is given by the IES data. This study draws the sample from a specific group of TVET graduates, i.e. those who graduated in the preceding year (see Annex B for more description). Using the first employment after graduation[10], the 2008 IES data shows that the overall employment rate is at 34% (Table 8). For PESFA scholars this is 54% while for TWSP this is 34%. For all graduates with a scholarship the employment rate is 40% implying that scholars have higher employment rates that non-scholars who have employment rates of 33%. But it is a cause for concern that the employment rate of TWSP scholars is at the level of non-scholars. Another measure of employment is current employment during the survey. Using this indicator, the employment rate for PESFA scholars is 56% while that for TWSP scholars is 44%. Again the employment of TWSP scholars is at the level of the non-scholars. This is a cause for concern because TWSP was designed to address identified frictional unemployment issues, hence these skills are supposed to have readily available jobs. It appears that TWSP failed in this objective of addressing hard-to-fill jobs.

Duration of job search. In terms of job search duration[11], IES 2008 data show that the pattern after the first month appears to be similar. During the first month, the PESFA scholars have lower probability (28%) of being employed compared with TWSP and other scholars and non-scholars (35%, 38% and 37%, respectively) (Table 9). Using the estimate average months to first job after training, the lowest is shown by TWSP scholars (5.2 months) although this is not very much shorter that for non-scholars (5.3 months). Thus, using the simple comparisons it appears that the scholarship programs was not able to lower substantially the duration of job search for the first job after training.

It needs to be realized that these figures include only those who have found employment. Table 8 says that almost half (49%) have not yet found their first employment since finishing training and an even

[10] One weakness of this measure is that it did not normalize on the length of time since graduation before landing in the first job.
[11] This refers to the first job after graduation.

greater proportion (55%) are now currently employed. This table, therefore, understates the length of duration of job search.

Table 9. Duration of Job Search

Length of job Search	Scholarship Type				Total Scholars	Non Scholars	Total TVET Grads
	Not indicated	PESFA	TWSP	Others			
Not indicated	-	5.2	3.3	4.8	4.1	5.6	5.3
< 1 month	33.1	28.0	34.6	37.5	33.6	36.6	36.0
1-5 months	36.6	30.9	29.4	24.9	28.8	25.3	26.0
6-11 months	22.6	22.2	19.7	14.5	19.1	19.0	19.0
1 year and above	7.7	13.6	13.1	18.4	14.5	13.5	13.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ave. months\a	4.6	5.7	5.2	5.7	5.5	5.3	5.3

\a Using midpoints 0.5, 3, 8.5, 18 for intervals <1 month, 1-5, 6-11, 1 year and above, respectively, and discarding those who did not indicate length of search

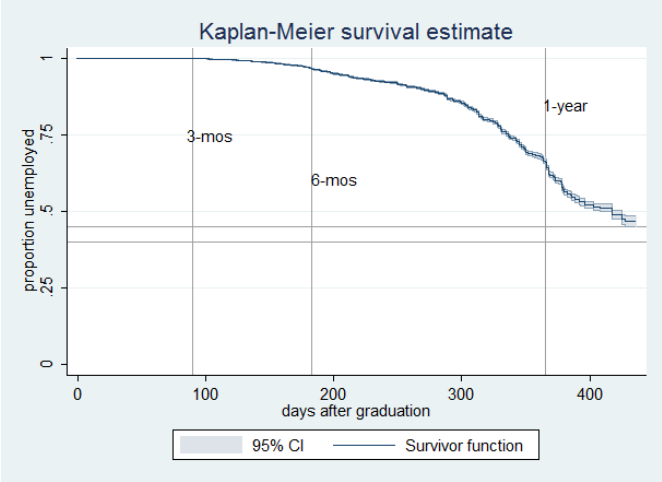
Source of basic data: 2008 IES

Using administrative data, from NCR for 2009[12], allows one to visualize the pattern of employment absorption of TEVET graduates by plotting the proportion of graduates who are unemployed by length of time from completion of training. It shows that hardly any of the graduates are employed after three months and it will require well beyond one year after training before the employment rates reaches the performance requirements of the scholarships (Figure 3.A). In terms of employment by sector, the figure shows that office administrative, office support and other business activities are the fastest group to be employed with accommodation and specialized construction activities as the slowest with the food and beverage service in the middle (Figure 3.B). Comparing these results with IES data again highlights the problem with administrative data sources.

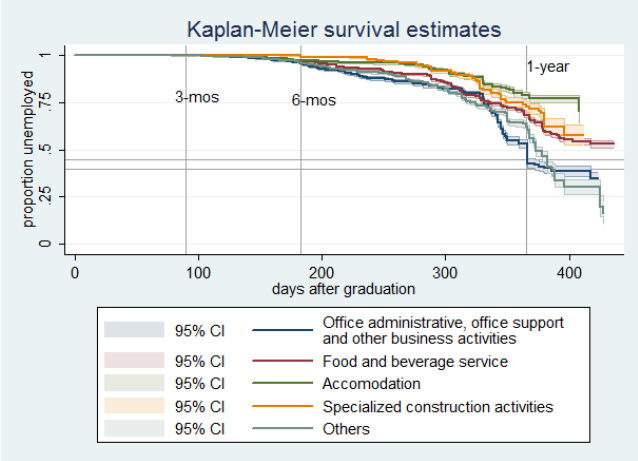
Figure 3. Unemployment Duration

A. All skills

[12] This is the only available data to the research team during period of study. Again this has to be appreciated in the light of the early comments on the reliability of administrative data on employment.



B. By skill group



Source of basic data: TESDA database (2009)

Utilization rates. In terms of utilization rates or usefulness of training to job, IES 2008 data show that PESFA scholars have higher proportion with very useful rate (32%) followed by TWSP scholars (26%) which is not different from the utilization rate of non-scholars (26%) (Table 10). The simple comparisons seem to show that the scholarships had better utilization rate only for PESFA scholars and not for TWSP scholars compared to non-scholars.

Table 10. Utilization Rate

Usefulness of skill	Scholarship Type				Total Scholars	Non Scholars	Total TVET Grads
	Not indicated	PESFA	TWSP	Others			
Not indicated	-	1.3	2.0	1.0	1.6	1.0	1.1

Very useful	19.4	32.3	25.9	23.2	26.3	26.2	26.2
Some use	15.0	9.2	9.4	13.0	10.4	9.2	9.4
No use at all	9.5	12.8	7.2	14.0	10.0	7.8	8.2
Unemployed	56.1	44.4	55.5	48.8	51.8	55.7	55.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source of basic data: 2008 IES

Quality of employment. Finally, in terms of the quality of employment the IES 2008 data show that there is not much difference in the quality of employment among the different scholarships. Those who have permanent jobs/business is 18% for both PESFA and TWSP scholars while for non-scholars this is 19% (Table 11). The simple comparison shows that the scholarship programs seem to have not improved the quality of employment of the scholars measured in terms of job stability.

Table 11. Quality of Employment

Nature of Employment	Scholarship Type				Total Scholars	Non Scholars	Total TVET Grads
	Not indicated	PESFA	TWSP	Others			
Not indicated	-	1.3	1.7	0.8	1.4	1.0	1.0
Permanent job/business	10.4	18.2	17.9	13.5	16.7	19.1	18.7
Short-term/ seasonal/business	23.6	25.5	17.1	29.1	21.8	16.9	17.8
Work for different employer daily	-	0.4	1.3	1.7	1.2	1.8	1.7
Other	9.9	10.1	6.4	6.2	7.1	5.5	5.8
Not employed	56.1	44.4	55.5	48.8	51.8	55.7	55.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source of basic data: 2008 IES

Impact of scholarship. Simple comparison of mean characteristics of scholars against non-scholars assumes that they have identical characteristics and the only difference is that one group has scholarship while the other does not have scholarship. The comparison done earlier, however, shows that there are differences in characteristics, such as education and employment status, between PESFA, TWSP, other scholars and non-scholars. One needs to control for the effects of the difference in these characteristics for the comparison to provide a valid impact estimates. Analysis that controls for the difference in characteristics using the reciprocal of the propensity scores as weights[13] showed several interesting results summarized in Table 12. Scholarship, in general, increases the probability of taking

[13] Re-weighting using the reciprocal of estimated propensity scores (probability of receiving treatment) as weights create a balance between treatment and control units (Imbens, 2004) or for this study those with and without scholarships. Matching using propensity scores is also another way of balancing treatment and control units

certification assessments. This is particularly true for TWSP but not for PESFA scholars. Scholarship, in general, also increases the probability of being employed. This result is particularly true for PESFA but not for TWSP scholars. It is noted earlier that employment rate of TWSP scholars are lower than the average. This is worrisome because TWSP scholars are supposed to be targeted at skills which have ready employment opportunities. Having a scholarship also reduces the length of job search. This is particularly true for TWSP scholars but not for PESFA scholars. This result is more consistent with expectations because as mentioned earlier TWSP scholarships are supposed to be targeted at the frictionally unemployed while PESFA scholarships are for increasing access to vocational and technical training for the poor. The scholarships are also found not to have an impact on the usefulness of training on subsequent employment. This is worrisome as scholarships are supposed to be targeted at priority skills as determined in the National Technical Education and Skills Development Plan. The results imply that even with this guidance, the scholars did not find their training useful in their employment.

Table 12. Summary of Impact Estimates

Outcome	Scholarship type		
	All	PESFA	TWSP
Probability of taking certification examination	+++	.	+++
Probability of being employed after training	+++	+++	.
Duration of job search /a	—	.	—
Usefulness of training /a	.	.	.

/a Employed subsample only
Note: (+), (++) and (+++) indicate significant positive effect at the 10%, 5% and 1% alpha levels, respectively; (–), (—) and (——) indicate significant negative effect at the 10%, 5% and 1% alpha levels, respectively; (.) not significant effect.
Source: Orbeta and Abrigo (2011)

VI. Summary and Recommendations

This section provides a summary of the assessment and recommendation arising from the assessment. It starts by discussing the basic issue of whether TVET scholarships are worth spending public money on. The second set is the summary and recommendations on steps for improving the efficiency of administering the scholarship programs.

As mentioned in the beginning, the basic question is "are TVET scholarships worth spending scare public resources on?" The answer to this question requires a clarification of the role of TVET in the development of the economy, in general, and the role of government in TVET, in particular.

On the role of TVET. The role of TVET in the overall economy is well recognized as every country has technical and vocational training graduates as important part of their labor force. That there is a growing number enrolling in TVET courses also clearly indicates the role of TVET in the economy.

However, it must be recognized that in the Philippines, like in many other countries, it continues to be a very small proportion of the overall labor market. Estimates from the employed persons by highest grade completed using the 2008 APIS[14], for instance, show that those with TVET education comprise only about 3% of the labor force as similar proportion for the total working age population. Of course, this an underestimate of those who had TVET training because there maybe college graduates who had TVET training too but this will not be reflected as their highest educational qualification.

If TVET graduates are an important part of the country's labor force, what is the appropriate role of government in the sector?

On the role of government in TVET. From the most recent National Technical Education and Skills Development Plan (NTESDP) 2005-2009, TVET serves national development objectives in three areas, namely: (a) decent productive employment; (b) quality of TVET provision, and (c) supply matches demand. Accordingly, decent and productive employment requires continuous enhancement of competencies through skills training. Quality TVET provision is achieved by promulgating standards on system, processes and procedures among TVET providers. Finally, provision of training must be guided by adequate and timely labor market information.

From the foregoing, regulation of the TVET sector and provision of information are clearly public mandates. Beyond these, however, it is not very clear what the objectives of public policy are. One question is whether TESDA should be operating TVIs when they are also regulators of TVIs (cf. Lanzona, 2008). It will be difficult for private TVIs to compete with TESDA operated TVIs.

Since considerable amount of money is spent on TVET scholarships, one will naturally ask what the role of scholarships in TVET is.

On the role of scholarships in TVET. The most natural way of answering the question is examining the rationale of the TVET scholarships.

The primary objective of PESFA is to improve equity and access to TVET opportunities and to ensure immediate employment. Its secondary objectives include inducing investments in TVET and encouraging Technical–Vocational Institutions (TVIs) to offer courses that are more responsive to labor market demands. In the case of TWSP the primary objective is to address structural unemployment as well as pump prime the economy.

Enhancing employability and equity in access to TVET training are long running objectives. Influencing the mix of course offerings of the TVIs, addressing the structural unemployment problems and pump priming the economy are relatively more recent objectives.

Another oft mentioned objective is expanding the proportion of TVET graduates in the labor market, i.e., that some skills do not need college education and are better filled by TVET graduates. Since the returns

[14] Note that post-secondary education as the highest grade completed is not currently identified under the quarterly Labor Force Survey by the NSO.

are more private than public, a better way of increasing general access to TVET for everyone would be through student loans.

Did these scholarship programs achieve their objectives?

To put everything in perspective, it is good to recall that the coverage of the scholarships is quite low. The highest estimate involving TVET graduates in 2007 is 17%.

We answer this question by examining the internal and external efficiency of TVET scholarships.

Internal efficiency. On internal efficiency, there appears to be no problem with the graduation rate of scholars. This was found to be higher than the graduation rate of TVET programs in general. On the aspect of certification, however, it was shown that only less than half of the graduates take certification assessments. While this may be understandable for non-scholars who had to spend their own money, this may be a cause for concern for scholars because certification is one of the performance indicators of the program. What is even more puzzling is that the scholars didn't even have a decidedly higher proportion who took assessment tests. For those who took assessment tests, the certification rates of TWSP and PESFA scholars are higher compared to non-scholars but lower compared other scholars. While this may be more understandable in the case of PESFA scholars who tend to have lower education qualification and have higher proportion unemployed before training, this may be less acceptable for TWSP scholars who have similar education and employment characteristics as the other scholars. Thus, the scholarships appear to have increased graduation rates but failed to increase assessment rates and also failed to increase certification rates. This means the scholarship programs did not clearly contribute to the improvement in quality of graduates as certification rates is not clearly higher among scholars compared to non-scholars.

External efficiency. On external efficiency, scholarships, in general, were found to significantly increase the probability of employment. But this is found to be only true for PESFA scholars but not for TWSP scholars. This is puzzling because TWSP is supposed to address frictional unemployment problem, particularly, the so called hard-to-fill jobs implying these are readily available jobs waiting for persons with the right skills to come along. In terms of duration of job search, TWSP reduced it but PESFA has no effect. In terms of the other dimension of employment, such as usefulness of training in the job, being in better jobs such as wage and salary workers or own account workers, PESFA scholars are significantly better while there is no significant impact on these areas for TWSP scholars.

In assessing the employment performance, it must be noted that employment rates are generally low and that the highest is only 56% for PESFA scholars while the average is 45% for all TVET graduates. Thus, the low employment rates of TVET scholars are really a general problem for TVET graduates. It is not confined to TVET scholars. In fact, the scholars have significantly higher employment rates compared to non-scholars. Considering that the scholarship coverage rate is quite low, the employment raising effect of scholarship is not sufficient to raise general employment rates of TVET graduates. Considering that providing scholarships is not cheap and consequently limited public resources will prevent it from expanding that much, it may be unfair to put as an objective for scholarship programs to

raising the employability of all TVET graduates. Scholarships can contribute as demonstrated by PESFA but not much. Raising employability of all TVET graduates is way beyond the capabilities of scholarship programs.

The scholarship programs are more successful in terms of internal efficiency but less so in terms of external efficiency. But it is important to realize that this result is more because of the performance of the TVET sector, in general, rather than the scholarship programs, in particular. It is the whole TVET sector that needs to improve its general external efficiency. Scholarship programs are just too small, covering less than a quarter at its peak to be able to influence the general performance of the sector.

Equity in access is a well-accepted public objective. It is towards this objective that scholarship programs should be directed. Scholarships for expanding access of the poor but able has always been considered more efficient than maintaining schools. The PESFA program is designed to address this objective. The TWSP experience has also demonstrated that it did not make progress in improving employability by targeting the so-called hard-to-fill jobs.

How can we improve the administration of the TVET scholarship programs?

Monitoring and Evaluation. There appears to be a weak capacity for monitoring within TESDA. A glaring problem is the lack of standardized reference period for computing employment rate – the primary indicator of external efficiency. It was learned from the FGDs that administrative data is dependent on the volition of the TVIs to check on the employment of its graduates. Whatever the TVIs report for the period is used to compute employment rates without consideration as to the length of period from completion of training and the extent of reporting coverage. As shown earlier employment rates is dependent on the length of time since graduation. This lack of reference period and reporting coverage in the administrative reporting system is clearly shown by the wide difference in the estimates based on administrative data compared to IES which a representative survey of a cohort of TVET graduates in a year and has a one year lag from completion of training.

It is also important to realize that good monitoring should accompany regulation – the basic public mandate. If graduation data and employment rates cannot be estimated well, the assessment of the effectiveness of scholarship program will suffer.

Because of lack of monitoring systems, it is difficult to cross-reference grantees even as low as across districts. It would then be possible for one person to avail of the same scholarship programs in different districts.

Selection of skills. Current selection of skills is determined by priorities identified in the Medium-Term Philippine Development Plan (MTPDP) and the National Technical Education and Skills Development Plan (NTESDP). The allocation across regions, however, is dependent on the number of schools with registered training programs on a particular skill. This method makes it supply driven rather than demand driven. Leaving the final determination of skills funded to the training capability of the TVIs

will most likely results in over supply of easy to supply skills which may not necessarily match the demand.

The experience of TWSP is revealing. The TWSP was designed to address the frictional unemployment problem. From the forgoing analysis it is clear that it did not appear to have achieved this objective. For one, employment rate of its scholars is lower compared to other scholars denying its supposed greater market orientation compared to the other scholarships. The only thing it was able to achieve is lower the duration of job search. It was not able to affect employment rate, usefulness rate and quality of employment.

It was revealed during the FGDs that more transparent rule of skill selection appears to be an effective deterrent of pressure from politicians. This has been demonstrated in a well-defined slot allocation rule for PESFA. It must be mentioned, however, that PESFA rules are also seen as largely supply driven.

Enhancing the role of private employers. This continues to be a challenge for the sector. If one looks at the methodologies used to involve the private sector in the TVET sector, it appears that they have been adequately involved in all aspects - from determining the skills in demand to the promulgation of training regulations. However, if the employment record of TVET graduates, in general, and TVET scholars, in particular, is the basis of assessment, the current system appears to be wanting. There is a need to explore some more avenues for involving the privates sector. What follows are some of the options:

One is the greater role of the private sector in the allocation of TVET resources. This has been tried in the arrangement of Business Processing Association of the Philippines (BPAP) with TESDA that allows BPAP to allocate the scholarship vouchers with higher employment rate requirement for the BPAP in-house trained (80%) compared to 50% for the third-party trained.[15] Unfortunately, there has no external evaluation of this scheme that could have informed policy discussion in this area.

Another option is mandating longer in-firm portion of TVET trainings. There are several proto-types that we can learn from, such as the dual training system (DTS) and enterprise-based training. There appears to be few takers of the DTS mode. We need to learn why. Obviously the best for employability would be enterprise-based training but from the statistics this is the thinnest proportion among the modes of training.

An apparently relatively untested[16] mode is to ask prospective employers to advance training cost and recoup the cost via salary deduction of prospective employees. This may mean that employers will be directly involved in the selection of trainees as well as the selection of training institutions. This has the form of outsourcing the training of its prospective employees. It should be noted that this is common

[15] Joint TESDA-BPAP Circular No 9 series of 2008

[16] At the FGD with the TVIs, one participant has mentioned that they have experimented this with their trainee-employees. It was revealed that the program did not sit well with existing employees and may have better prospects for the unemployed.

practice, in spite of the prohibition on placement fees, in overseas employment where placement fees are paid for via salary deduction.

There may be a need to examine closely the hiring policies of employers. It was revealed in the FGD that employers want applicants to have work experience before hiring them. This is obviously a chicken-egg loop for new entrant TVET graduates. If this is the really the case, then the in-firm requirement for training must be strengthened to make this a substitute for the "experience" requirement of hiring. Again the greater role of the private sector is called for to address this issue. This is not in any way related to scholarships but it affects the employability of TVET graduates in general. As argued earlier, the low employment rate of TVET scholars is primary because the employment rate of TVET graduates in general is low.

Regulation of TVET. Standard setting is the job of the public sector. Standards are enforced via regulation. The primary instrument of regulation by TESDA is the Training Regulation (TR) which defines the requirements needed to be granted authority to offer a TVET course. There is an annual compliance review but there is not much data on compliance rates and what has been done if a violation has been discovered. It has been pointed out in the FGD that TESDA does not have the police power to implement the sanctions and that the TRs are considered mere guidelines rather than a set of rule that need to be followed. It should also be mentioned that regulation and good monitoring go together. Monitoring and evaluation capacity in TESDA has been mentioned in the FGD as one of the weak points in TESDA.

Selection of Scholars. The selection of TWSP scholars is left entirely to the TVIs while PESFA scholars must apply in the field offices of TESDA. The more stringent requirement for PESFA scholars has resulted in a large bulk having only a high school degree. TWSP and other scholars, on the other hand, have bigger proportion with higher education attainment than secondary diploma. This may be the results of the intended target and the more liberal qualification requirements for TWSP scholarship. One cannot also discount the fact that this can also be the consequence of the fact that TVIs are only reimbursed for graduates and not for dropouts. As such, the TVIs utilizing TWSP scholarship may tend to be sparing in identifying scholars and select the more educated beneficiaries to improve the proportion of those completing the training. This may be good for the TVIs but may not be for society if access to TVET of those who cannot afford TVET education is the objective. The downside, as shown, is that there are larger proportion of trainees that have higher educational attainment than secondary.

Multiple availment. The single availment rule was abandoned in 2009 for TWSP supposedly in response to the financial crisis. The obvious impact of this is in the computation of the employment rate. It should have been realized that the lack of jobs then was due to slowdown of the economies globally not lack of skills and packing up skills will not solve the lack of jobs problem during that period. At the very least this should have been rigorously evaluated if it really worked. As far as we know, there was no evaluation done for scrapping of the single availment rule.

Should we have several TVET scholarship programs? There is no justification for several scholarship programs if there is only one justifiable objective – expanding access for the poor but

able to TVET. TWSP was introduced with a different objective – address structural unemployment. But it is clear from the forgoing that it has failed to produce better results in terms of employment, except perhaps for reducing the duration of job search. It has failed to improve employment rate, neither was it able to improve the usefulness of training on the job performed and the quality of employment, unlike PESFA. Thus, there must be serious thinking of continuing a scholarship program with this objective. The limited administrative capacity of the TESDA should also militate against running several scholarship programs.

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Annex A. The TESDA Administrative Reporting System[17]

The administrative reporting system is based on the reports of TVIs who are required to file a report of every training conducted using the MIS03-02 worksheet drawn from the TESDA Participant's Profile form (NMIS Form-01C). The worksheet includes data on (a) personal information, (b) education background, (c) course/training; (d) assessment and (e) employment. For all registered training programs, the TVIs are required to submit to TESDA district/provincial office the MIS03-02 five days after start of training and are required to update it five days after the end of the training via the terminal reports (MIS Form 100). The district/provincial office submits the consolidated monthly report on the 25th of the month to the regional office. In turn, the regional office submits the consolidated report to the national office on or before the 15th of the succeeding month. It is from these reports that the data on enrollment, graduation, and employment are drawn and reported in the TVET statistics yearbook.

It is clear that the data on employment has no clear reference period. From the FGDs, it was revealed that the data on employment is largely dependent on the volition of the TVIs. There also appears to be no periodic and systematic checking on the employment status of graduates.. Those with scholarship vouchers would have more incentive on hurrying up the submission of the completion reports because re-imbursement is dependent on this report. It has been mentioned also in the FGDs that employment of graduates is one factor considered in providing additional vouchers to the TVIs.

[17] This was drawn from documents gathered from TESDA and validated during the FGD with TESDA officials at the national and NCR offices.

Annex B. Impact Evaluation Studies

Impact evaluation study is one of the regular studies done by the TESDA. The latest one, the 2008 impact evaluation study (IES), is the fourth carried out since 2000. The objective of the IES is to provide a comprehensive analysis of the TVET programs. The 2008 IES, for instance, has the following specific objectives:

- Estimate the employment and skills utilization rates of the TVET graduates;
- Determine the income levels of the employed graduates;
- Establish the average length of job search in finding employment;
- Identify training programs for which graduates have better chances of employment;
- Analyze the types of employment in which the TVET graduates landed a job; and
- Identify reasons for not looking for work.

The coverage of the IES is the graduates of TVET programs of the previous year. The survey is a representative survey deriving its sampling frame from the TVET program terminal reports or MIS Form 100 submitted by the regional offices. The survey is done through personal interview using a structured questionnaire. The questionnaire asks three sets of questions, namely: (a) graduate's profile; (b) training particulars including all TVET training attended; (b) competency assessment for each training; and (c) employment. From the questionnaire, the reference period for employment is the past two weeks and working for at least one hour. The employment being referred to is the first employment from finishing a TVET program.

Given the way the data is generated, the computation of the statistics such as employment rate would presumably be much more reliable.

Annex C. Focus Group Discussion Guide Questions

I. Skills selection

1. The selection of sectors and skills to fund is based on priority-specific sectors/skills for TWSP and priority from the MTPDP for PESFA. Priorities are area-based. Can you describe the process of skills selection in your region? Was there any specific deviation from the national guidelines? What was reason for the deviation?

2. How often are these priorities changed/re-assessed? When was the last change/reassessment done? Describe how the reassessment was done?

3. If the sectors and skills being funded are based on priority, what could be the factors contributing to the relatively low employment rate of 18% (2009 TWSP Physical and Financial Performance Report) among graduates?

4. What are your recommendations on skills selection to improve the employability of the student-scholars?

II. Training Institution Selection

1. How are the TVIs selected? Did TESDA recruited them or the TVIs approached TESDA?

2. Describe the main features of the Unified TVET Program Registration and Accreditation Systems (UTPRAS).

3. Did your office participate in curriculum development? Please describe your participation in curriculum development.

4. How are the performance indicators for TVIs monitored (e.g. at least 60% employment within one year; 75% passing rate in certification)? What are the sanctions for failing to meet the minimum, and how are these sanctions enforced? Were there problems in enforcement?

5. What are your recommendations for better selection of TVIs?

III. Scholar's Selection and Benefits

1. Who are eligible to become a TWSP/PESFA scholar? How is the screening monitored?

2. Are you satisfied with the way TVIs recruit student-scholars?

3. Did your office participate in benefit level determination? Describe your participation in benefit level determination?

4. What's your assessment of the level of benefits (e.g. training cost, training support fund, tool kit cost)? Are these sufficient to encourage participation?

5. What are your recommendations for better selection of student-scholars?

IV. Operational Issues

1. What are the key constraints at each stage (programming, training, monitoring and evaluation) in implementing the program?

2. In TWSP, allocation of the regional share between sectors/skills is left to you. Please describe how you decide on the allocation

3. Describe the computation and reporting of employment and drop-out rates.

4. Given that mandatory assessment is no longer required for payment of TVIs, how do you enforce the rule on certification rate?

5. What are your key recommendations to improve the efficiency of program implementation?

V. Scholarship for the TVET sector (OPTIONAL)

1. What's your position of the role of scholarship in the TVET sector?

2. How much of the following statements had been achieved:

    i. "The scholarship grants will serve as the carrot that would direct prospective jobseekers towards in-demand occupations"

    ii. "Increasing enrolment in the TVET institutions would help improve the capability of the TVET institutions to provide quality training"

    iii. "Support services in the form of trainers' capability building and curriculum development will likewise improve their service delivery"