



# THE FINANCING OF VOCATIONAL TRAINING IN AFRICA

ROLES AND SPECIFICITIES  
OF VOCATIONAL TRAINING  
FUNDS

**Disclaimer:**

This study is part of AFD's reflection process on vocational training funds. The proposed recommendations should not be considered as indicating the future positions of the agency. As a result, the analyses and conclusions presented in this document are done so under the responsibility of the authors.

This document is the executive summary of a study commissioned by AFD and carried out by ADEA, GRET and IRAM in the framework of a partnership with ADEA.

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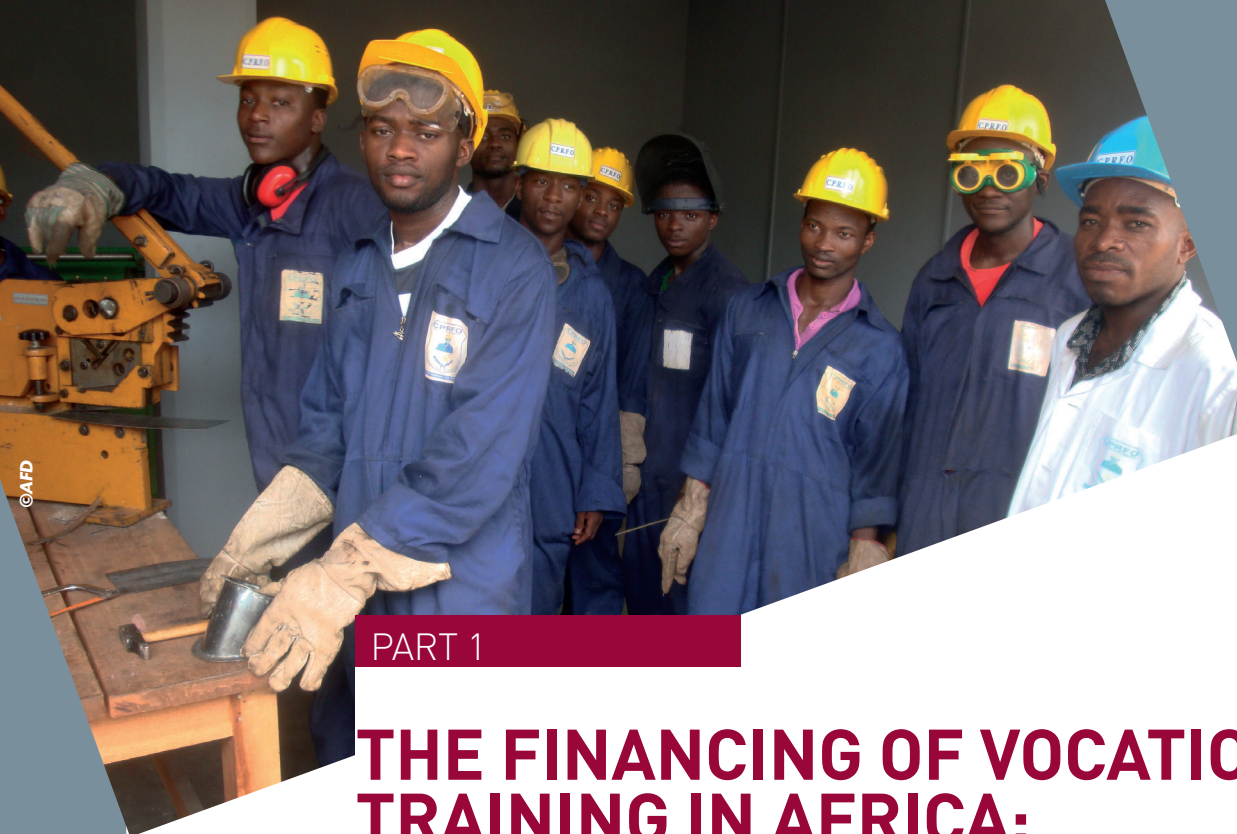
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## PART 1

# THE FINANCING OF VOCATIONAL TRAINING IN AFRICA:

## LITERATURE REVIEW AND TYPOLOGY ANALYSIS

### 1 OBJECTIVES AND STRUCTURE OF THE STUDY

The study commissioned by the French Development Agency (AFD) to the Association for the Development of Education in Africa (ADEA) targets three specific objectives:

- **Objective 1:** Draw up a bibliographical note summarising the major studies conducted over the last ten years on the topic of the financing of vocational training;
- **Objective 2:** Propose a typology/reading grid of vocational training funds;
- **Objective 3:** According to the typology/reading grid, make recommendations as to the different possible types of support.

The first part of the study comprises a literature review of the principal works published on the financing of vocational training, and more particularly on the subject of training funds. This results in an initial modelling approach for the current and future role of these funds as institutional actors of national vocational training policies.

The second part of the study reports on a survey carried out on training funds in West and Central Africa. It defines a typological specification for these funds and identifies the basic components of motivated and effective support for more relevant intervention on their part in the field of vocational training.

The third part of the study proposes diagnostic and decision-making tools that can guide technical and financial partners in their reflections and policies to improve the performance as well as the operational and institutional positioning of the different types of training funds.

The general conclusion includes a list of recommendations and intervention scenarios to be implemented in order to make technical and financial support as effective and relevant as possible.



## 2 INITIAL CONCEPTUAL FRAMEWORK

The starting point of the study was that the financing of vocational training should not cover exclusively what is commonly known as technical and vocational education and training (TVET), but adopt the concept of technical and vocational skills development (TVSD). This concept, officially recognised by the OECD and the AfDB (AEO, 2008), takes into account not only the formal systems and chan-

nels of education and training but also the different ways of acquiring professional skills, through reformed traditional apprenticeships or in a work situation for example. It implies that data available on the budget share devoted by the public authorities to TVET only partially reflect the actual expenditure by countries on training their youth or developing the skills of working adults. It is essential to broad-

den the scope of the analysis in this respect to avoid being confined to a minimalistic approach to vocational training and, above all, to measure at its fair value the role played by training funds, largely financed by tax levies on enterprises, in their support both to youth in search of job insertion and to adults in work and, more generally, to the private sector as a whole.

## 3 KEY FINDINGS OF THE LITERATURE REVIEW

The literature review highlighted the major trends in vocational training financing practices over the last ten

years, while offering a comparative perspective of Africa and Latin America and shedding light more particu-

larly on the issue of financing agricultural and rural training. The major trends can be defined as follows.

### TREND 1: DIVERSIFICATION OF SOURCES OF FINANCING AND COST OPTIMISATION

In all countries, the State is still the greatest contributor to TVET expenditure; however, the low level of public resources allocated (only 2% to 6% of public expenditure on education according to the OECD-AfDB/2008

report) forces most countries to adopt a strategy of diversification of sources of financing in order to reach a wider public while optimising training costs. This strategy supposes the production of additional income in

terms of the training offered, but also, and above all, by seeking a contribution from enterprises to finance training (dual-type training, introduction of a vocational or apprenticeship training tax).

### TREND 2: REINFORCEMENT OF TRAINING FUNDS

The introduction of a tax generally levied on company payrolls has often gone hand in hand with the creation of training funds offering an institutional framework distinct from government budget channels for the collection and distribution of resources to the bene-

fit of skills development in the productive sector. Initially introduced in Latin America, these funds also exist in Africa, Asia and Europe. After analysis in 60 countries (Johanson, 2009), three types of funds can be differentiated:



→ **pre-employment training funds:** the aim of these funds is to increase the supply of qualified workers on the labour market. They are particularly common in Brazil, where funds are directly managed by the different professional branches; the latter invest in the creation of training centres providing initial training to address the specific needs of the sector's enterprises;

→ **continuing training funds:** their objective is to raise the competitiveness and productivity of formal and informal enterprises through the training of their employees. These funds are financed in a number of ways (exemption, tax incentives, reimbursement, direct payment of the cost of training by the fund, ...). This type of fund can be found in Africa and also in Latin America, Europe and Asia;

→ **equity funds:** the purpose of these funds is to strengthen the skills of disadvantaged groups who do not fall within the scope of formal employment (unemployed, youth, those working in the informal sector) and to promote their insertion in the labour market.

### TREND 3:

#### INTRODUCTION OF SECTORAL FUNDS AND THE SPECIFIC CASE OF AGRICULTURAL AND RURAL TRAINING

The study sheds light more particularly on agricultural and rural training funds, given the weight of the agricultural sector in the creation of wealth (around 20% of GDP and 40% of exports in sub-Saharan Africa) and employment (65% of the working population on average). The literature review differentiates three approaches to the financing of agricultural and rural training, via:

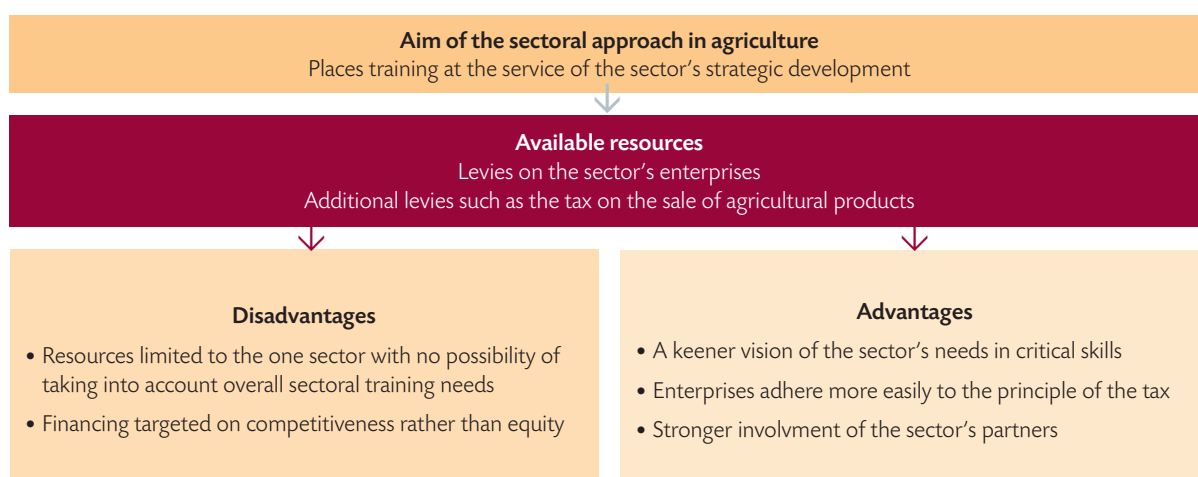
- a levy on the payrolls of the sector's enterprises, such as the South African system;
- a tax on agricultural products, such as the Brazilian system;

→ a non-sectoral vocational training or apprenticeship tax.

A comparative analysis of the three approaches shows that the sectoral approach enables a closer focus on the needs of the sector and its development strategies. The modalities of intervention can be adapted to specific needs (training provided close to the place of work to address mobility and availability constraints, literacy programmes adapted to the beneficiaries' low level of schooling, etc.). However, this approach does have the disadvantage of limiting available resources to the tax levied

on a single, relatively unstructured, sector (predominance of family farming and so most of the time informal and not contributing) with little added value. Conversely, a non-sectoral approach enables the pooling of resources nationally and their reallocation to territories or sectors with insufficient means to address training needs. It is therefore essential that agricultural sector funds find sources of financing in addition to their current financing base (contribution from municipalities, tax on imported foodstuffs or on agricultural products, etc.).

#### PRINCIPAL CHARACTERISTICS OF AN AGRICULTURAL SECTOR FUND



## TREND 4: STRUCTURAL COMPONENTS OF THE LATIN AMERICAN FUNDS

The Latin American vocational training system is organized differently from what is commonly observed in most West and Central African countries. Based on case studies, this approach can be characterised as follows.

### Funds articulating public and diversified offer

In some countries, the training offer exceeds that provided by centres under public management and includes other stakeholders offering more flexibility. That supposes the existence of a diversified offer outside public institutions that can be reinforced (including when it originates

from the social solidarity economy, as in the case of FONCAP in Chile).

### Funds targeting in-company continuing training, but also pre-employment training and training for disadvantaged populations

In addition to their primary objective of collecting resources, some funds also have the objective of developing pre-employment training and continuing training (SENAI and SENAR in Brazil, SENA in Columbia). Other funds function like “equity funds” insofar as they promote training for disadvantaged populations, such as FONCAP in Chile or the SENA programme devoted to rural youth in Columbia.

different types of cofinancing... Diversified financing is particularly common in Latin America, and Chile is one of the best examples of in-company continuing training financed via a system of tax credits.

### Increasingly autonomous funds with mixed management

There is a clear trend towards mixed forms of fund governance. This includes equity funds (cf. the vocational skills sectoral organisations (OSCL) promoted by Chile Valora). The analysis highlights the fact that some countries have introduced more autonomous management dynamics, although the decision-making mechanisms are still to a large extent in the hands of the public authorities.

### Funds with multiple financing modalities

Methods of financing vocational training range from payroll levies (equivalent to “1%” of the payroll) to different cost-sharing schemes combined with external financing. Case studies show that other forms of financing exist aside from direct financing: tax credits, tax incentives,



## STRUCTURAL COMPONENTS OF THE LATIN AMERICAN FUNDS





## 4

### 4. KEY FINDINGS OF THE SURVEY OF THE WEST AND CENTRAL AFRICAN FUNDS

The literature review was completed by a survey of eleven funds of the African network of vocational training funds and institutions (RAF-PRO), to which the Mauritanian fund (FAP-FTP) has been added. This survey was carried out using an analytical grid, filled out by the funds, as to their method of governance, their budget and breakdown of same,

collection methods and allocation of resources, offer of services, follow-up of projects financed, and means of inter-fund cooperation. The cross-sectional analysis of these data enabled identification of the critical points of analysis of these funds and their differentiation by typology.

#### TYPOLOGICAL CHARACTERISTICS OF THE FUNDS SURVEYED

##### Methods of collecting and allocating resources

- The funds are all fuelled by taxes but in 8 out of 12 cases the Treasury gets hold of the major part of the tax.
- The partial repayment of the tax is not sufficient to enable the fund reach its set objectives.
- The budgets available cannot structure VT policies and, moreover, cannot create effective mechanisms for apprenticeship and continuing training.
- The actions financed are definitely spread too thinly.

##### Types of intervention

The priority of these funds is Continuing Vocational Training (CVT) and pre-employment training (apprenticeship); however, they also fulfil an equity function given their action in the informal sector. Some funds take charge of disadvantaged groups.

##### Form of governance

- All funds have a tripartite (or at least bipartite) board of management but in most cases public authorities are overrepresented.
- The government retains control over the appointment of the managing bodies even for funds with some administrative and financial autonomy, which is therefore only relative.

##### Actions financed

- There is a consensus on the support of continuing training, but not necessarily for the informal sector.
- All funds finance apprenticeship, although this is only in the experimental phase in some cases. The development of apprenticeships is still limited in all countries.
- The question arises as to whether the funds should train the most disadvantaged groups in view of the scarce resources available and the fact that equity is the responsibility of the government.
- Studies do not seem to give priority to CVT and apprenticeship.

##### Evaluation and impact

- Existing monitoring tools enable above all compliance checks and use formative assessment.
- Some funds carry out impact studies, mainly in terms of job insertion after training. Overall, there are no tools to assess the cost-effectiveness of the financing granted.

##### Problem areas

The difficulty in collecting information by means of the survey highlights the absence of an information system, which would enable a truly objective analysis of the achievements of the training funds compared to objectives set and thereafter a significant improvement in terms of effective relevant results.



## Critical points of analysis

These can be synthesized as follows.

- The funds share the characteristic of having to achieve multiple objectives (continuing vocational training or CVT in formal and informal sectors, apprenticeship, reinsertion of disadvantaged groups, ...) in a context of limited means and so of thinly spread financial resources;
- The funds operate like « across the counter » services, dealing with requests one by one, rather than as a mechanism providing support to the implementation of the national employment and skills development policy;
- Most funds have at their disposal only a fraction of the resources earmarked for them; they receive the taxes in the form of subsidies, the amount of which is determined year by year depending on State budgetary constraints;
- For the most part, funds do not adopt the rationale of partnership-based management and operate under the direct or indirect supervision of the State, thus hindering the development of a training offer that would effectively address the needs of the economic world and the world of work;

- The funds do not have the means to fulfil their obligations and often operate with over 50% of external endowments. Budget utilisation is also problematic (disbursement rates, high operating costs);
- The funds need redirecting towards a limited number of well-targeted missions: creation of a continuing vocational training culture and means in formal and informal enterprises, establishment of apprenticeship as a genuine qualification and insertion mechanism; while doing so, they should inaugurate an

autonomous partnership management model for the development of TVSD;

- The funds suffer from a lack of structured information, and monitoring and evaluation systems that would enable them to engage in an effective and relevant dialogue within RAFPRO, and thus, in concert, improve the functioning of the funds and the achievement of the objectives targeted by each of them.



## Fund typology differentiation

| Principal characteristics of Type 1 funds                                                                                                                                                                                          |                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Structural elements                                                                                                                                                                                                                | Other specificities                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"> <li>• Autonomous partnership-based governance</li> <li>• Total repayment of the tax</li> <li>• A guaranteed amount of funding</li> </ul>                                                        | <ul style="list-style-type: none"> <li>• Strong support to enterprises, to entrepreneurs and to the setting up of new business</li> <li>• Funds targeted on the formal sector</li> <li>• Study and engineering activities</li> </ul> |
| Points for debate                                                                                                                                                                                                                  |                                                                                                                                                                                                                                      |
| <ul style="list-style-type: none"> <li>• Little support to informal enterprises, and to agriculture in particular</li> <li>• Absence of internal management rules</li> <li>• Inadequate monitoring and evaluation tools</li> </ul> |                                                                                                                                                                                                                                      |

Three types of funds can be differentiated after analysis of the data submitted by the funds:

**Type 1: autonomous CVT and apprenticeship funds with guaranteed funding:** these funds (FONAP-Chad, FDFP-Côte d'Ivoire, ONFPP-Guinea) focus primarily on upgrading the skills of employees in work, those of young people in the professionalization phase and of workers in the phase of setting up business; this focus goes hand in hand with an administrative-type autonomy and the guarantee of a stable income.

**Type 2: Relatively autonomous CVT funds with uncertain funding:**

these funds (FODEFCA-Benin, FAFPA-Burkina Faso, FAFPA-Mali, FAFPCA-Niger, FONDEF-Senegal, FNAFP-Togo) implement CVT and apprenticeship but the resources from the tax go through the Treasury and are only partially repaid as a subsidy; this does not guarantee stable resources, disconnecting them from the tax base and undermining the autonomous operation of the fund.

**Type 3: funds with public service missions in the fields of employment and vocational training, benefiting from partial or total repayment of the tax:**

these funds (ACFPE in Central African Republic and FAP-FTP in Mauritania), like the first two types of funds, are engaged in strengthening CVT and apprenticeship while taking on missions falling within the competence of the State. The ONFP in Senegal can be adjoined although it cannot be assimilated as such to the other fund models.

| Principal characteristics of Type 2 funds                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Structural elements                                                                                                                                                                                                                                                     | Other specificities                                                                                                                                                                                                                                    |
| <ul style="list-style-type: none"><li>• Autonomous partnership-based governance under State supervision</li><li>• Uncertain subsidy, and sustainability through external funding (up to 50% of the funds' budget)</li></ul>                                             | <ul style="list-style-type: none"><li>• Support to CVT and apprenticeship dependent on subsidies received</li><li>• Takes care of training activities (disadvantaged groups, in search of insertion) falling under government responsibility</li></ul> |
| Points for debate                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                        |
| <ul style="list-style-type: none"><li>• Absence of a guarantee of contractual subsidization from the government preventing short and medium term planning</li><li>• Dispersal of often low resources, detrimental to effective CVT and apprenticeship support</li></ul> |                                                                                                                                                                                                                                                        |

| Principal characteristics of Type 3 funds                                                                                                                                                         |                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Structural elements                                                                                                                                                                               | Other specificities                                                                                                                                                                                                                                      |
| <ul style="list-style-type: none"><li>• Autonomous governance but under government supervision</li><li>• Inadequate funding in relation to the different missions entrusted to the fund</li></ul> | <ul style="list-style-type: none"><li>• Support to CVT and apprenticeship</li><li>• However, support that is only a component of the funds' public service obligation in the field of global policies for employment and provision of training</li></ul> |
| Points for debate                                                                                                                                                                                 |                                                                                                                                                                                                                                                          |
| <ul style="list-style-type: none"><li>• Ambiguity of a double mission – supplying and financing training</li><li>• Capacity of the funds to be a multifunctional organization</li></ul>           |                                                                                                                                                                                                                                                          |

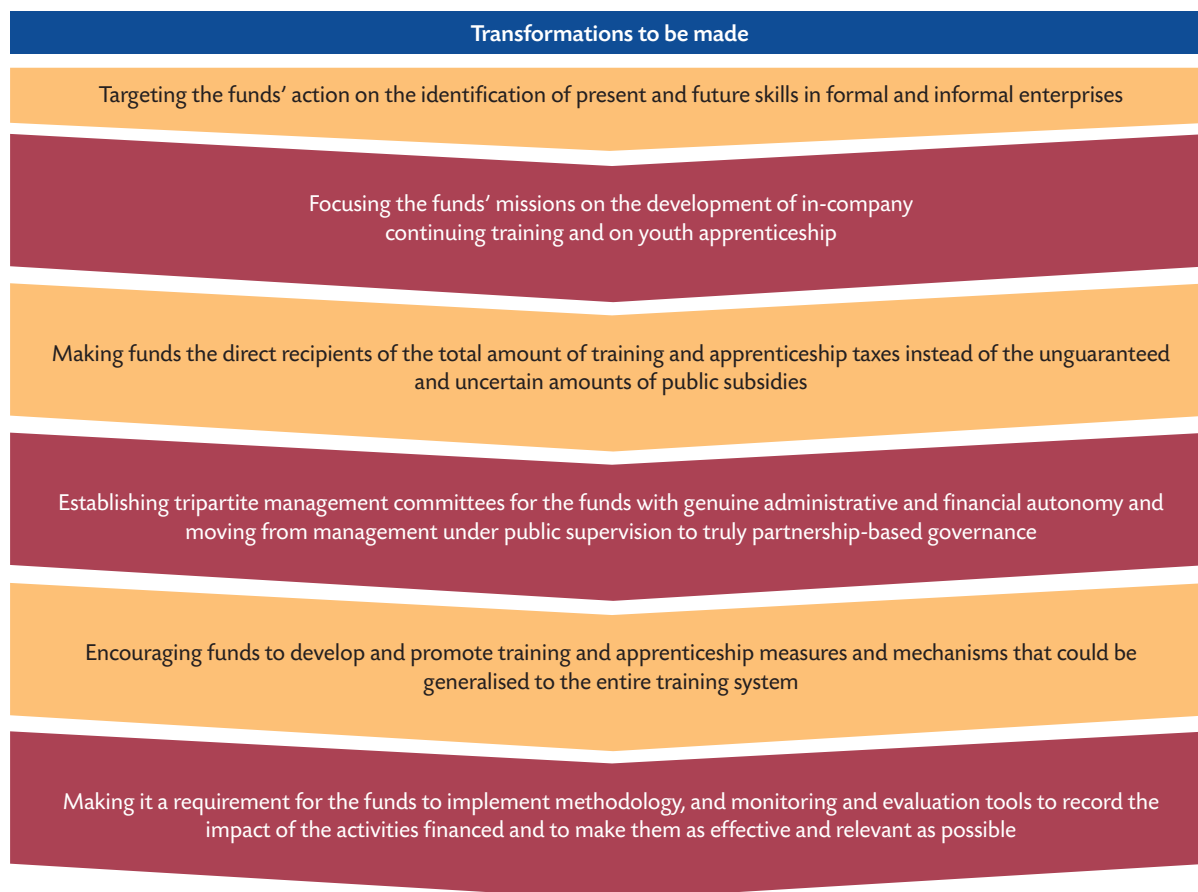


### Transformations to be made

The report suggests six major changes apt to transform the funds into a **partnership-based** authority

for the conception, steering, implementation and evaluation of vocational training. Such an authority would have the specificity of being the decision-maker in the field of

the development of CVT and apprenticeship while benefiting from financial capacities in consistence with its missions. The transformations are as follows:







## PART 2

# 12 KEY RECOMMENDATIONS FOR FINANCING VOCATIONAL TRAINING IN AFRICA

The study found that the funds play an essential role in implementing technical and vocational skills development. Indeed, there is no doubt that, in the countries where they operate, the funds are the promoters of vocational training for formal and informal enterprises and of youth learning, either in the form of reformed traditional apprenticeship or of in-company apprenticeship. Moreover, by way of their support to collective-type projects, they enable the professionalization of a large number of professional organisations and associations involved in the skilled craft sector and the agricultural and rural world. They can also provide technical and vocational training institutions

with incentives to better address the labour market's needs.

The analysis revealed three types of funds, which have different objectives, means and modus operandi. They must evolve differently, yet converge, in order to implement the transformations presented above. This evolution requires a change of attitude from public authorities and targeted support from technical and financial partners (TFP) on the optimization areas identified. To this end, the study makes twelve recommendations apt to foster this optimisation.

Upon comparing the types of funds and the recommendations made, three scenarios can be defined for technical and finan-

cial partners (TFP) wishing to accompany the funds in their functional and operational optimisation process. These proposals are to be adapted according to each TFP's strategy and modalities of intervention and according to the situation and potential for development of each fund.





## 1 **RECOMMENDATION 1: ALL FINANCIAL SUPPORT SHOULD CONSIDER THE FUNDS AS A PLACE FOR PRIVATE SECTOR INVESTMENT FOR THE DEVELOPMENT OF THE SECTOR'S OWN SKILLS NEEDS**

In the vast majority of countries, financing practices as they stand today show that the public authorities responsible for training and apprenticeship levies consider this tax as a parafiscal contribution to the State budget. As a result, a large part of the tax is confiscated for objectives

and means that have nothing to do with the reasons of its introduction. In addition, the amounts allocated by the funds to the technical and vocational skills development of enterprises and their employees, are considered as public funding and are part of the budgets declared by the

State to justify public expenditure on education and training whereas they should be identified primarily as private sector investments in order to guarantee the sector's own development.

This change in how the nature of financing is perceived is essential; it justifies directing the amounts collected in the form of training and apprenticeship levies and from development partners primarily to the reinforcement of skills in the economic world and the world of (formal and informal) work.

## 2 **RECOMMENDATION 2: ALL FINANCIAL SUPPORT SHOULD HELP THE FUNDS PLAY A STRUCTURAL ROLE IN NATIONAL CVT AND APPRENTICESHIP MECHANISMS**

There is no doubt that the funds all have the principal mission of developing CVT and apprenticeship. Given the fact that practically no studies have been conducted on the impact of results achieved in the field of CVT, it is difficult to attribute a value judgement on the effectiveness of their actions. A number of country studies (ICQN/TVSD, 2014) do however demonstrate limited effectiveness, both quantitative and qualitative. Thus, there is still no real vocational training culture in enterprises and the support provided to them for carrying

out their training plans does not seem to have any significant impact on their competitiveness. Likewise, financing in the field of apprenticeship, whether in Mali, Benin, Burkina Faso or Côte d'Ivoire, has not succeeded in making apprenticeship a structural element of the countries' training systems and of the reforms underway.

The training funds will only manage to reach the primary objectives they have been set, in terms of enterprise competitiveness and effective pre-employment training, if they go beyond the funding of fragmented actions and become the key promoters and reference for continuing training and dual-type training at national policy level. Any additional financing should aim at strengthening the structural role of their interventions.



**SCENARIO FOR TFP SUPPORT TO TYPE 1 FUNDS**  
**AUTONOMOUS CVT AND APPRENTICESHIP FUNDS RECEIVING THE TAX IN ITS ENTIRETY**

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Step 1:</b> Strengthen whatever guarantees the stability and sustainability of the payment of the tax in its entirety to the fund concerned.</p> <p><b>Step 2:</b> Strengthen whatever guarantees the autonomous partnership-based management of resource allocation.</p> <p><b>Step 3:</b> Ensure that resources are directed primarily to skills development (CVT, apprenticeship, entrepreneurship, ...) and not to undue management and administrative costs.</p> <p><b>Step 4:</b> Ensure that resource allocation is prioritized to facilitate building stable generalizable pre-employment and CVT mechanisms having significant impact on TVSD policies and practices.</p> <p><b>Step 5:</b> Make sure that the fund intervenes fairly and effectively in the formal and informal</p> | <p>priority sectors of economic development, particularly in agriculture and rural areas; in this respect, promote the involvement of the urban and rural informal sector representatives in the management bodies.</p> <p><b>Step 6:</b> Support the development of all analysis and diagnostic activities for the actions financed (query, monitoring, formative assessment and impact tools, engineering and study activities).</p> <p><b>Step 7:</b> Foster experience sharing and the conception and pooling of common inter-fund information, engineering, implementation and assessment tools.</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**3 RECOMMENDATION 3: ALL FINANCIAL SUPPORT SHOULD CLEARLY HELP THE FUNDS TO BETTER TARGET THEIR MISSIONS ON THE STRATEGIC OCCUPATIONS AND SECTORS OF NATIONAL TVSD POLICIES**

Both the literature review and the results of the survey reveal that the funds address a multiform demand for financing rather than a diagnostic of the skills needed for the economic activities that could generate growth and added value on a national scale. In this respect, the shift in FONAP's activities is significant of the possibility of a better focus of funds on national socioeconomic priorities. In deciding to finance the sectors and occupations of livestock farming, the construction industry and skilled trades, the Cha-

dian fund thus demonstrates that it is possible to fulfil its missions while targeting them more precisely on the sectors and occupations likely to stimulate the national economy.

The current positioning of the funds in essentially urban economic sectors also calls for better recognition of agricultural and rural realities since this sector accounts for the bulk of the working population in virtually all countries. This can be achieved by allocating an earmarked budget, such as the Malian FAFPA, which devotes

45% of its budget to training for working populations in rural areas. It can also involve specific support, as in the case of FODEFCA in Benin, which has a department in charge of providing support to farming organisations. Finally, some other funds have chosen to set up regional branches with varying degrees of autonomy in order to be closer to local needs (FODEFCA Benin, FAFPA Burkina Faso, ACFPE Central Africa, FAFPA Mali, FAFPCA Niger, ONFP Senegal, FONAP Chad).

TFP support should therefore be targeted on one or the other of these priorities with, if possible, specific support toward training in promising occupations or in priority sectors (including agriculture) defined in strategic national policy documents.

#### 4 **RECOMMENDATION 4: ALL FINANCIAL SUPPORT SHOULD ENCOURAGE THE FUNDS TO FINANCE INFORMAL SECTOR ENTERPRISES AND PROFESSIONAL ORGANISATIONS JUST AS MUCH AS FORMAL ENTERPRISES**

The survey of the funds in West and Central Africa reveals that some funds finance only, or as a priority, formal enterprises in spite of the fact that the economic data highlight a largely predominant informal sector both in the production of GDP (up to 70% of national wealth) and on the labour market (up to 90% of existing jobs) (Walther, 2013). This reality is explained mainly by the fact that CVT or apprenticeship taxes are paid by formal enterprises expecting their own training actions to be financed in return. The weak structure of the informal sector is also another reason why it is difficult for this sector to gain access to CVT financing.

It is however more necessary than ever for the funds to participate in the development of skills for entrepreneurs and employees of small and micro-enterprises. This is motivated by the fact that there is considerable professional mobility between the different enterprise statutes and types, as well as declared or undeclared forms of sub-contracting. Moreover, no country can achieve economic development without stimulating the informal sector. This implies developing the skills of the sector's entrepreneurs and employees and

those of their organisations, whether at local level or by occupation. It also requires the participation of informal sector representatives in the fund's management body in order to correctly take the needs of the sector's workers into account. Finally, it can also involve the fund supporting the elaboration of projects from small and micro-enterprises, as is the case of the FDFP in Côte d'Ivoire, which has a unit specially dedicated to managing informal sector training projects, including the agricultural and rural sector.

#### 5 **RECOMMENDATION 5: ALL FINANCIAL SUPPORT SHOULD STRENGTHEN THE EQUITY DIMENSION OF THE FUNDS WITHOUT DIVERTING THEM FROM THEIR CONTINUING TRAINING AND PRE-EMPLOYMENT PRIORITIES**



The literature review of a wide range of funds including the Latin American funds (Johanson, 2009) defines a three-fold mission for the funds, one of which is equity. The survey results show that some funds do reach out to disadvantaged, out-of-school and excluded groups, the most representative being the FAFPCA in Niger. This de facto situation does not justify the funds giving priority to these groups insofar as the latter fall under national solidarity before depending on funding collected from economic players. This is all the more true since the dispersal of the funds' modest budgets leads to undermining the effectiveness and continuity of their interventions for enterprises and youth in pre-employment training. This equity mission can however benefit from national budget subsidies for financing a public service activity.



It is important for the funds to play a preventive role by strengthening the development capacities of enterprises and youth insertion capacities instead of playing a curative role for groups who are marginalized in the face of employment; otherwise, their resources should be reviewed. This observation should not however stop the funds from fulfilling an equity function. This consists in

strengthening the skills of entrepreneurs and employees in the informal sector where qualification demands are high and in promoting the chances for youth insertion through apprenticeship for those who have left the education system without learning a trade or acquiring the minimum basic skills and knowledge.

#### SCENARIO FOR TFP SUPPORT TO TYPE 2 FUNDS RELATIVELY AUTONOMOUS CVT AND APPRENTICESHIP FUNDS WITH UNCERTAIN FUNDING

- Step 1:** Negotiate with the national authorities
- In the short term, a stable and progressive subsidization of the fund in accordance with the amounts collected by way of the tax;
  - In the medium term, direct allocation of income from the tax in its entirety.

- Step 2:** Negotiate with the national authorities for the gradual transition from management under supervision to autonomous partnership-based management.

- Step 3:** Ensure that the fund's equity function (disadvantaged groups, seeking social insertion, ...) benefits from earmarked resources.

- Step 4:** Support the fund in order to help it become a structural player in CVT and apprenticeship mechanisms having significant impact on TVSD policies and practices (focusing resources on priority mechanisms and sectors, involvement in defining

national TVET policies, reinforcing relationships with employment observatories and social partners, etc.).

- Step 5:** Ensure that the fund intervenes fairly and effectively in the formal and informal priority sectors of economic development, particularly in agriculture and rural areas; in this respect, promote the involvement of the urban and rural informal sector representatives in the management bodies.

- Step 6:** Support the development of all analysis and diagnostic activities for the actions financed (query, monitoring, formative assessment and impact tools, engineering and study activities).

- Step 7:** Foster experience sharing and the conception and pooling of common inter-fund information, engineering, implementation and assessment tools.

## 6 RECOMMENDATION 6: ALL FINANCIAL SUPPORT SHOULD PARTICIPATE IN THE STABILISATION AND SUSTAINABILITY OF THE FUNDS' RESOURCES

An analysis of the funds' budgets demonstrates that the vast majority of the funds do not have stable and sure resources since they do not receive the training or apprenticeship taxes directly but generally depend, for their financing, on a subsidy defined arbitrarily by the public authorities in the framework of the Finance Law.

The uncertainty of the budget situation prevents the funds from adopting a strategic planning approach, which would enable them to act in the medium and long term and so effectively structure sustainable continuing training, apprenticeship and pre-employment mechanisms and programmes.

Consequently, support from the TFPs should not be a substitute for insufficient resources contributed by the States, but should commit the latter to assuring the funds of stable and sustainable means and, if possible, direct payment of the tax.

## 7 RECOMMENDATION 7: ALL FINANCIAL SUPPORT SHOULD BE AN OPPORTUNITY TO STRENGTHEN, OR ESTABLISH, THE DYNAMICS OF AUTONOMOUS AND PARTNERSHIP-BASED MANAGEMENT OF THE FUNDS

The philosophy presiding over the establishment of all the funds was that of involving the private sector in financing training for its own employees, but also to fully involve economic and professional partners in designing training mechanisms and programmes apt to address, as ade-

quately as possible, the needs of the employment market in terms of skills. Upon analysis of the governance of the different funds, it can be seen that the social partners are effectively involved in the management structures set up. How representative they are is sometimes questionable, but

above all public authority supervision remains dominant in most countries and prevents these partners from participating fully in the selection and decision-making processes. What is supposed to be management in partnership is still in fact dominated by the supervisory authorities.

It therefore seems appropriate that the assistance provided by the TFPs should push the authorities to fully adopt the rationale of partnership-based management, all the more so as the latter is the best guarantee of maximum effectiveness, in terms of competitiveness and jobs, of the means committed by the funds, and of greater adherence by the enterprises subject to the principle of the tax.



## 8 RECOMMENDATION 8: ALL FINANCIAL SUPPORT SHOULD HELP IN STRUCTURING EFFECTIVE AND SUSTAINABLE TRAINING AND QUALIFICATION MECHANISMS

Upon analysis, most funds are seen to finance training proposed by promoters who are eligible for financing. This results in a sort of patchwork of interventions making uncertain the strengthening of assertive engine-

ring in the fields of continuing education, apprenticeship or pre-employment. The dispersal of actions, linked to the uncertainty of the funds' resources and to their difficulty in developing a medium-term or long-term

structured offer of service, prevents the funds from intervening fully as constructive players in national training or TVSD systems.

National training systems would need the funds to help them develop genuine CVT policies for the working population and introduce, in connection with existing training centres, apprenticeship

mechanisms to give young people the best possible chances of being trained in the skills and trades required by the labour market.

## 9

## RECOMMENDATION 9: ANY FINANCIAL CONTRIBUTION PRESUPPOSES THE IMPLEMENTATION OF A TOOL FOR THE EFFECTIVE ASSESSMENT OF THE SOCIOECONOMIC IMPACT OF ACTIONS CONDUCTED

The survey of the RAFPRO and Mauritanian funds clearly highlights the absence of true instruments for assessing the effectiveness of the actions financed. The lack of knowledge as to results obtained prevents the funds from entering into a continuing

improvement process and so from duly optimising the relevance of their interventions. It also prevents those responsible from identifying the good practices they finance and so from justifying their specific contributions at national level with the public

authorities. States could sign performance agreements with the funds to be linked to precise results indicators enabling them to check that the missions entrusted to the funds are properly carried out.

As important contributors to the funds analysed, it seems essential for the TFPs to demand the introduction of clear impact assessment methodology for their own contributions. This is the best way for them to act discerningly and to give priority to

policies and actions, which have the best possible chances of structuring TVSD mechanisms and systems, and as such stimulate the socioeconomic development of the countries concerned.

### SCENARIO FOR TFP SUPPORT TO TYPE 3 FUNDS FUNDS WITH PUBLIC SERVICE MISSIONS BENEFITING FROM PARTIAL OR TOTAL REPAYMENT OF THE TAX

**Step 1:** Differentiate what, in the funds, comes under public service missions from what comes under support to strengthen TVSD in the private sector; where necessary, remove ambiguities as to the dual function of the fund as a provider of funding and a provider of training.

**Step 2:** Negotiate with the national authorities for,

- in the short term, stable and gradual subsidisation of the fund in respect of the financial amounts collected from the tax;
- in the medium term, direct and total allocation of tax revenue.

**Step 3:** Negotiate with the national authorities for the gradual transition from management under supervision to autonomous partnership-based management.

**Step 4:** Focus support on the priority missions of CVT and apprenticeship and ensure that the other functions (training offer, strengthening of the centres, project management, etc.) are financed directly by the public authorities.

**Step 5:** Help the fund to have a positive impact on the national CVT and apprenticeship policy and to intervene fairly and effectively in the formal and informal priority sectors of economic development, particularly in agriculture and rural areas. Ensure, in this respect, the involvement of representatives from the informal sector and the agricultural world in the management bodies.

**Step 6:** Support the development of all analysis and diagnostic activities for the actions financed (query, monitoring, formative assessment and impact tools, engineering and study activities).

**Step 7:** Foster experience sharing and the conception and pooling of common inter-fund information, engineering, implementation and assessment tools.



## 10 RECOMMENDATION 10: FINANCIAL SUPPORT TO ANY FUND SHOULD REQUIRE THE OBLIGATORY OPTIMISATION OF ITS INTERVENTIONS BASED ON THE BEST LESSONS LEARNED FROM THE OTHER FUNDS

The RAFPRO seminar held in April 2014 led to the observation that the network's members were implementing similar actions and projects but without introducing structured experience sharing in the themes they have in common. The lack of comparison of experiences leads to a shortfall for each fund. It prevents a concerted analysis of the effective-

ness and relevance of their actions. Above all, it prevents the creation of a pooling process between the different funds, the advantage of which would be to get them all involved in a concerted improvement process and so better accomplish their set objectives quantitatively and at a lower cost.

TFP support to each fund should include a requirement for the fund to enter into an inter-fund cooperation and pooling activity in order to take advantage of experience sharing and so increase the effectiveness and the added value of actions implemented.

## 11 RECOMMENDATION 11: AN IMPROVEMENT IN THE FUNCTIONING OF EACH FUND CAN ONLY BE ACHIEVED THROUGH THE CREATION OF EFFECTIVE TOOLS COMMON TO ALL FUNDS

The survey carried out with the funds in the RAFPRO network demonstrated how difficult it was to obtain reliable information on the items in the questionnaire in the absence of a uniform information system common to all funds. The need for a common system was expressed by one or another fund manager. The effects of the absence of such a system are, amongst others:

- lack of a harmonised nomenclature of the types of beneficiaries and the types of actions implemented;
- absence of a concerted allocation key of the different types of expenses, given that administration costs fluctuate between 10% and 43% of established budgets;
- disparity, if not absence, of common monitoring and assessment tools.

These observations illustrate that the different funds have not managed, in spite of a significant number of years of existence and of inter-fund cooperation, to build a satisfactory system of reporting, management and assessment. As a result, TFP support to the different funds must give priority to facilitating the set up of an inter-fund set of tools to help them better manage their missions and activities in the framework of enhanced cooperation.



## 12 **RECOMMENDATION 12: TFP SUPPORT SHOULD HELP FUNDS BECOME CONSTRUCTIVE PLAYERS IN A TRAINING SYSTEM ACCESSIBLE TO ALL**

Current TVET systems in Africa suffer from a two-fold weakness: they only train a limited number of young people and they are essentially residential, i.e. provided outside a structured relationship with economic and professional stakeholders, and so with the labour market. The training funds were created to partly address these weaknesses and to make vocational training more attractive through a two-fold intervention: establishing the practice of continuing training in formal and informal enterprises and aiming at the development of different forms of apprenticeship, i.e. different forms of youth qualification and insertion. It has to be acknowledged, in view of the current situation, that the funds have developed isolated fragmented interventions rather than truly structured training and apprenticeship mechanisms generalizable to the overall field of training and, more precisely, to TVSD. This situation is especially due to the fact that the funds have not fully

adopted the partnership principle, which would have enabled them to steer the offer as close as possible to requirements in the workplace.

The three scenarios put forward have the common goal of giving the training funds full intervention capacity and making them effective

institutional and financial stakeholders in the development of continuing training and youth apprenticeship or pre-employment training.



## IN CONCLUSION

The lessons learned from the analysis of the Latin American and African funds enable the following conclusions:

- current financing of vocational training by public authorities is not on a par with what is at stake in the role that vocational training has to play in terms of competitiveness and jobs. This is particularly true for Africa, which devotes too small a share of public expenditure on education on technical and vocational skills development (5% on average);
- the training funds were created to compensate for the lack of public financing by a fixed contribution from the private sector. However, States often consider the continuing training and apprenticeship taxes introduced to that purpose as parafiscal revenue. This situation has a negative effect on the development of continuing vocational training and apprenticeship;
- there is a virtually general consensus today (OECD/AfDB, 2008; ADEA, 2012) on the fact that socioeconomic stimulation by means of vocational training requires the implementation of a partnership-based steering system for the development of technical and vocational skills. In this perspective, training funds must become sustainable pilot institutions of the said partnership-based management;
- the training funds are proof that the future of vocational training is only possible through public/private cofinancing, which, in turn, presupposes bipartite or tripartite management. However, contrary to the typology established by Johanson and to certain conclusions of the analysis of the Latin American funds, the said cofinancing must give priority to leaving the function of “equity” for the public authorities, whose mission is to care about the most disadvantaged groups and those excluded from the realms of training and employment;
- the West African and Central African funds surveyed in this study are not exempt from the equity function, but are expected to integrate it in their primary missions, which are the development of continuing training and apprenticeship or of pre-employment training for groups where demands for skills are high;
- the additional financing contributed by technical and financial partners should not make up for the failings of the public authorities but, on the contrary, encourage the latter to make direct payment of the training and apprenticeship taxes to the training funds.





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# LIST OF INITIALISMS AND ACRONYMS

|                                         |                                                                                                |
|-----------------------------------------|------------------------------------------------------------------------------------------------|
| <b>ADEA</b>                             | Association for the Development of Education in Africa                                         |
| <b>ACFPE - Central African Republic</b> | Central African vocational training and employment agency                                      |
| <b>AFD</b>                              | French Development Agency                                                                      |
| <b>BAD</b>                              | African Development Bank                                                                       |
| <b>FAFPA – Mali</b>                     | Vocational training and apprenticeship support fund                                            |
| <b>FAFPCA – Niger</b>                   | Continuing vocational training and apprenticeship support fund                                 |
| <b>FAP-FTP Mauritania</b>               | Autonomous fund for the promotion of technical and vocational training                         |
| <b>FDFP - Ivory Coast</b>               | Vocational training development fund                                                           |
| <b>FNAFPP – Togo</b>                    | National apprenticeship, vocational training and continuing training fund                      |
| <b>FODEFCA – Benin</b>                  | Development Fund for continuing vocational training and apprenticeship                         |
| <b>FONAP – Chad</b>                     | National vocational training support fund                                                      |
| <b>FONCAP – Chili</b>                   | Fondo Nacional de Capacitacion                                                                 |
| <b>FONDEF – Senegal</b>                 | Development Fund for Technical and Vocational Education and Training<br>National training fund |
| <b>GRET</b>                             | Group for Research and Technological Exchange                                                  |
| <b>IRAM</b>                             | Institute for research and application of development methods                                  |
| <b>OCDE</b>                             | Organisation for Economic Cooperation and Development                                          |
| <b>ONFP- Senegal</b>                    | National vocational training bureau                                                            |

# LIST OF INITIALISMS AND ACRONYMS

|                                  |                                                                                           |
|----------------------------------|-------------------------------------------------------------------------------------------|
| <b>ONFPP – Guinea</b>            | National office for training and development                                              |
| <b>OSCL</b>                      | Vocational skills sectoral organisations                                                  |
| <b>PQIP/DCTP<br/>Ivory Coast</b> | Inter-country Quality Node on Technical and Vocational Skills Development                 |
| <b>RAFPRO</b>                    | African network of vocational training funds and institutions                             |
| <b>SENA – Columbia</b>           | National apprenticeship service                                                           |
| <b>SENAI – Brazil</b>            | Serviço Nacional de Aprendizagem Industrial<br>National industrial apprenticeship service |
| <b>SENAR – Brazil</b>            | Serviço Nacional de Aprendizagem Rural<br>National rural apprenticeship service           |



## LIST OF ABBREVIATIONS

|             |                                                 |
|-------------|-------------------------------------------------|
| <b>AEO</b>  | African Economic Outlook                        |
| <b>CVT</b>  | Continuing vocational training                  |
| <b>GDP</b>  | Gross domestic product                          |
| <b>TFP</b>  | Technical and financial partners                |
| <b>TVET</b> | Technical and vocational education and training |
| <b>TVSD</b> | Technical and vocational skills development     |
| <b>VT</b>   | Vocational training                             |

# NOTES





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