International Labour Organization

Meaningful employer engagement: the key to improve the quality of training funds in sub-Saharan Africa

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▶ Meaningful Employers' Engagement - Key to Boost Training Funds' Quality in Sub-Saharan Africa?

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List of Acronyms

2FPT	Fonds pour la Formation Technique et Professionnelle / Fund for Technical and Vocational Training - Mauritania
3FPT	Fonds de Financement de la Formation Professionnelle et Technique / Vocational and Technical Training Funding Fund - Senegal
ACFPE	Agence Centrafricaine pour la Formation Professionnelle et l'Emploi / Central African Agency for Vocational Training and Employment - Central African Republic
CGE-GUI	Confédération Générale des Entreprises de Guinée / General Confederation of Enterprises of Guinea
CGECI	Confédération Générale des Entreprises de Côte d'Ivoire / General Confederation of Enterprises of Côte d'Ivoire.
CNP	Conseil National du Patronat du Sénégal / National Employers' Council of Senegal
CNPM	Conseil National du Patronat du Mali / National Employers' Council of Mali
FAFPA	Fonds d'Appui à la Formation Professionnelle et à l'Apprentissage / Vocational Training and Apprenticeship Support Fund - Burkina Faso, Mali
FAFPA-FE	Fonds d'Appui à la Formation Professionnelle et à l'Apprentissage, Fonds d'Etat / State Fund for Supporting Vocational Training and Apprenticeship - Niger
FDFP	Fonds de Développement de la Formation Professionnelle / Vocational Training Development Fund - Cote d'Ivoire
FMFP	Fonds Malgache de Formation Professionnelle / Malagasy Vocational Training Fund - Madagascar
FNAFPP	Fonds National d'Apprentissage, de Formation et de Perfectionnement Professionnels / National Fund for Apprenticeship, Training, and Professional Development - Togo
FODEFCA	Fonds de Développement de la Formation Professionnelle Continue et de l'Apprentissage / Continuing Vocational Training and Apprenticeship Development Fund – Benin
FONAP	Fonds National d'Appui à la Formation Professionnelle / National Vocational Training Support Fund - Chad
FONEA	Fonds National d'Appui à l'Employabilité et à l'Apprentissage / National Fund for Support to Employability and Apprenticeship - Republic of the Congo
GEM	Groupement des Entreprises de Madagascar / Business Association of Madagascar
HRDC	Human Resource Development Council - Botswana
HRDF	Human Resource Development Fund – Botswana
NSF	National Skills Fund - South Africa
RAFPRO	Réseau Africain des Fonds de Formation
SADC	Southern African Development Community
SETA	Sector Education and Training Authority – South Africa
SME	Small and Medium size Enterprise
SSA	Sub-Saharan Africa
TEVET Fund Malawi	Technical Entrepreneurial and Vocational Education and Training Fund Malawi
TEVET Fund Zambia	Technical Education Vocational and Entrepreneurship Training Fund Zambia

TVET	Technical and vocational education and training
UNPM	Union Nationale du Patronat Mauritanien / National Union of Mauritanian Employers
ZIMDEF	Zimbabwe Manpower Development Fund

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1. Introduction

1.1. Study background

Training funds are a widely used financing mechanism for skills development. A Global Review of Training Funds conducted in 2020 by UNESCO (UNESCO, 2022) found that levy-financed training funds operate in 75 countries around the world, with one-third (26) of these countries in Sub-Saharan Africa.

Training levies can effectively pool funds from employers and allocate them for training expenses (OECD, 2017). Levy-financed training funds are seen as a predictable and dedicated funding stream for skills development, reducing reliance on unstable government budgets or donor funding.

Most of these funds have a national scope. In most countries (85%) that have levy-financed training funds, these funds operate at national level – one fund covering all or multiple sectors. In some countries, especially those in Europe and in South America, levy-financed training funds are set up on a sectoral basis – such that a country may have multiple funds each linked to a specific sector (e.g. construction).

These funds are used for various purposes, including to finance initial technical and vocational education and training (TVET), special initiatives aimed at training unemployed workers, or other vulnerable groups, as well as upskilling and reskilling for individuals employed within companies (UNESCO, 2022).

There are various rationales that drive country interest in the setting up of levy-financed training funds. In the context of declining Official Development Assistance and government budgets being increasingly constrained, a common justification is the mobilization of additional resources - beyond allocations from government budgets - to cover skills development costs (UNESCO, 2022). In some contexts, levy-financed training funds are set up to help address market failures in skills development, particularly in sectors where firms might underinvest in training due to cost concerns or high employee turnover, and/or where firms might underinvest in general training (versus firm-specific training) (OECD, 2017; UNESCO, 2018). Indeed, most levy-financed national training funds were set up for multiple reasons (UNESCO, 2022). They might aim to incentivise the training of employees and/or apprentices in levy-paying firms, increase access to training for marginalised groups, or simply provide additional funds to initial TVET offerings (public and sometimes private), sometimes directly funding training providers owned by the training fund itself.

The effectiveness of these levy-financed training funds is linked to a range of factors – including how clearly articulated the purpose of a fund is in its founding documents (and regulations), the extent to which this is adhered to in practice; how strong the governance of a fund is, including the extent to which employers are meaningfully engaged and empowered, and the role of other stakeholders (e.g. government, workers' representatives) and how these actors interact with employers; how transparent and efficient fund management is, including with regards to fund disbursement and allocation mechanisms, and the extent to which outcomes data are collected and feed back into fund improvement (UNESCO, 2022).

There are positive initiatives to share knowledge and improve performance in the continent. Specifically, RAFPRO, the Réseau Africain des Fonds de Formation now comprises 13 funds and institutions from 12 countries. The network ensures knowledge sharing and coordinated action across the region.

1.2. Study scope

There are challenges in terms of meaningful participation of employers' organisations within training funds' governance structures in sub-Saharan Africa. Meaningful participation of employers requires representation that is combined with voice and a good level of autonomy such that the training fund board can best determine how and where employer levies should be spent (in line with UNESCO, 2022: 40). The UNESCO global review also noted that the level of autonomy of a training fund also relates to the way in which training fund board members are selected – by government or by their peers. An ILO review of skills levy systems in countries of the Southern African Development Community (SADC) also highlighted that the influence of employers in the governance of most training funds in SADC is low since 'key decisions taken by the boards (such as fund allocation areas and criteria, and budget decisions) usually have to be approved by the respective government anyway' (Palmer, 2020: 64).

The global review (UNESCO: 2022) also identified numerous common deficits. The stated (or de facto) purpose of the fund may be too broad, diluting its impact as funds are used for various interventions which dilutes its overall impact. Monitoring and evaluation systems are weak, focus on outputs and training funds often do not monitor their own employment results. Conflicts of interest reduce fund effectiveness – in some cases, the training fund is also the levy collector, spender, training provider, and/or TVET regulator. There is a general lack of transparency in fund operations in relation to levy collection, administration, disbursement and results (of funded training), which contributes to a lack of trust from many levy-paying employers.

This study examines the extent to which employer participation in the governance of training funds contributes to their quality. A preferred option would have been to look at the relationship between the meaningful participation of employers in the governance of training funds and the effectiveness of training funds. However, in a majority of SSA countries 'there is no substantive evidence on the outcomes and impact of training funds' (UNESCO, 2022: 111). The main measures of "effectiveness" for most training funds in SSA focus on number of trainees and qualitative and ad-hoc "success stories". Also, the few employment-focussed analysis that exist are either not comparable and/or not publicly available. Consequently, the focus of this study is the relationship between the meaningful participation of employers in the governance of training funds and training fund quality (the definition of which is noted under section 1.5).

1.3. Training funds in Sub-Saharan Africa

Levy-financed funds are one of the main instruments, alongside public funding, to finance lifelong learning including apprenticeships in Sub-Saharan Africa (SSA). Such funds operate in 26 countries across the continent (see Table 1).[1]

▶ Table 1. List of levy-financed training funds in Sub-Saharan Africa

Countries	Training Fund	Website (December 2024)
Benin	Continuing Vocational Training and Apprenticeship Development Fund / Fonds de Développement de la Formation Professionnelle Continue et de l'Apprentissage (FODEFCA)	No (functioning) website
Botswana	Human Resource Development Fund	www.hrdc.org.bw
Burkina Faso	Vocational Training and Apprenticeship Support Fund / Fonds d'Appui à la Formation Professionnelle et à l'Apprentissage (FAFPA)	No (functioning) website
Central African Republic	Central African Agency for Vocational Training and Employment / Agence Centrafricaine pour la Formation Professionnelle et l'Emploi (ACFPE)	www.acfpe.info
Chad	National Vocational Training Support Fund / Fonds National d'Appui à la Formation Professionnelle (FONAP)	www.fonap.td
Cote d'Ivoire	Vocational Training Development Fund / Fonds de Développement de la Formation Professionnelle (FDFP)	www.fdfp.ci

[1] For additional information see Annex 2 (Sub-Saharan Africa: Regional Brief) of UNESCO (2022).

Congo, Republic of	National Fund for Support to Employability and Apprenticeship / Fonds National d'Appui à l'Employabilité et à l'Apprentissage (FONEA)	www.fonea.cg
Equatorial Guinea	Worker Protection Fund and Professional Training Fund	No (functioning) website
Gabon	Vocational Training Tax / Contribution à la Formation Professionnelle	No (functioning) website
Gambia	National Education and Technical Training Levy	No (functioning) website
Guinea, Republic of	National Vocational Qualification Fund / Fonds National de Qualification Professionnelle	www.onfpp.gov.gn
Kenya	Industrial Training Levy Fund	www.nita.go.ke
Madagascar	Malagasy Vocational Training Fund / Fonds Malgache de Formation Professionnelle (FMFP)	www.fmfp.mg
Malawi	Technical Entrepreneurial and Vocational Education and Training (TEVET) Fund	www.tevetamw.com
Mali	Vocational Training and Apprenticeship Support Fund / Fonds d'Appui à la Formation professionnelle et à l'Apprentissage (FAFPA)	www.fafpamali.com
Mauritania	Fund for Technical and Vocational Training / Fonds pour la Formation Technique et Professionnelle (2FTP)	www.inapftp.net www.inapftp.net/presentation-2ftp
Mauritius	National Training Fund	www.hrdc.mu
Namibia	National Training Fund	www.nta.com.na
Niger	State Fund for Supporting Vocational Training and Apprenticeship / Fonds d'Appui à la Formation Professionnelle et à l'Apprentissage, Fonds d'ETAT (FAFPA-FE)	www.fafpa.org
Nigeria	Industrial Training Fund	www.itf.gov.ng
Senegal	Vocational and Technical Training Funding Fund / Fonds de Financement de la Formation Professionnelle et Technique (3FPT)	www.3fpt.sn

South Africa	Sector Education and Training Authority	www.dhet.gov.za/SitePages/SETAlinks.aspx
	National Skills Fund	www.dhet.gov.za/SitePages/NSF.aspx
Tanzania	Skills Development Levy	No (functioning) website
Togo	National Fund for Apprenticeship, Training, and Professional Development / Fonds National d'Apprentissage, de Formation et de Perfectionnement Professionnels (FNAFPP)	www.fnafpp.tg
Zambia	Technical Education Vocational and Entrepreneurship Training Authority (TEVET) Fund	www.teveta.org.zm
Zimbabwe	Zimbabwe Manpower Development Fund	www.zimdef.org.zw

In a majority of countries in SSA (81 per cent) payroll levies paid by employers provide the funding for the training funds, with an average levy rate of 1.6% of total wages. Other levy bases including a fixed rate per worker (Kenya, Mali) and a levy on enterprise profit or turnover (Gambia, Botswana, Togo).

A majority (70 per cent) of levies that resource training funds in SSA are collected via income tax or social security agencies, while in the remaining 30 per cent of funds, levies are collected by the training funds directly (UNESCO, 2022).

In almost all countries in SSA that have training funds (in 25 out of 26 countries), the training funds are national in scope. South Africa is the only exception: there is in the country a single training levy which resources both a national training fund and over 20 sector training funds (known as Sector Education and Training Authority / SETA funds).

The most common type of governance arrangements among levy-financed training funds in sub-Saharan Africa are either tripartite or tripartite-plus approaches. Tripartite approaches are those that include government, employers' representatives, and workers' representatives. Tripartite-plus approaches include these three groups in addition to other stakeholders (for example a national TVET expert, or a representative of a training provider etc). Fig.1 below provides more details.

In terms of administrative arrangements, some training funds in SSA are run by national training authorities or other national entities like in Botswana, Malawi, Mauritius, Namibia, Tanzania and Zambia. In only a few cases are the training funds operated as a separate entity like in Côte d'Ivoire, and Madagascar.

Most levy-financed training funds in SSA are multi-purpose - with the most common purposes and most common areas of allowable expenditure (Table 2) being:

- To increase the incidence of employee training in levy-contributing firms;
- To fund special government initiatives related to training youth as a means to address youth unemployment;
- To provide opportunities for the training and employment of disadvantaged and marginalized groups;
- To provide opportunities for the training of workers in the informal economy (UNESCO, 2022).

Three-quarters or more of all training funds in SSA state that they are allowed to allocate funds to initial TVET offerings (e.g. equipment and infrastructure, or general training costs at the secondary education level).

▶ **Table 2. Top five allowable areas of expenditure for training funds in SSA**

Areas of expenditure	Share of Training Funds that include this area of expenditure
Training of employees in levy-paying firms	91% (21/23)
Training as part of special government initiatives (youth, disadvantaged)	87% (20/23)
Equipment and infrastructure of public training providers	77% (17/22)
Initial training of young people in secondary TVET	75% (18/24)
Training of workers in the informal economy	70% (16/23)

Source: UNESCO (2022)

1.4. Study objective

Employers' organisations have expressed their expectations for greater meaningful involvement in the governance of these training funds to improve the way they are being administered and the market relevance of the training they support. At the outset of this study, therefore, the working hypothesis was that the more employers participate meaningfully in the training funds, the greater its quality.

- **The overall purpose of the current study is to examine the relationship between the meaningful participation of employers in the management of levy-financed training funds and the quality of these training funds in 26 Sub-Saharan Africa countries.**

The link between workers' representatives and the quality of training also deserves to be researched. In most funds reviewed in SSA, other stakeholders (principally government and/or workers' representatives) are also involved in governance and interact with employers. The main reason for having workers' representation in training funds is so that the training offerings are looked at from the workers' point of view - in terms of affordability, relevance to their aspirations, the value of the certificate and its relationship to wages and career progressions within companies. As this study was principally designed to look at the relationship between employers' participation in training funds and the quality of training funds in relation to the labour market, the analysis of the link between workers' participation and quality of the training should be the subject of a separate study.

1.5. Summary of the methodological approach

In each country, the objective was to collect data from both the organisation managing the training fund and from the main employers' organisation. Up to date contact information for the organisation managing each training fund and for employers' organisations was sought in these 26 countries. A questionnaire - in English or French as relevant - was sent by individual emails to these organisations, with around 10 weeks to answer, from the end of September to mid December 2024 (see Annex 1 for the English version of the questionnaire). Within this timeframe, several follow-up emails were sent, in English or French as relevant, in an attempt to increase the response rate[2]. In some cases, survey data was complemented by other objectively verifiable data from training funds' websites, annual reports or publicly available regulations.

[2] Despite best efforts, several funds did not respond to the questionnaire, that was the case for organisations managing the training fund in Equatorial Guinea, Gabon and the Gambia. Additionally, in South Africa no (working) contact email was identified for the Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSETA), and other SETAs contacted did not respond.

The questionnaire contains questions related to the following:

- background information on the fund (e.g. levy type and rate, it's objectives);
- the meaningful participation of employers (e.g. the composition of the training fund board, the way employers are nominated to be on the board, the extent to which employers provide inputs – including on how funds are allocated);
- the quality of the training fund (e.g. training fund expenditure areas, the type and extent of data collected related to the fund, the extent to which employers trust to training that is funded, the existence of any potential conflicts of interest).

A composite indicator was developed to describe - in a measurable way with the data available - the meaningful participation of employers. The choice of these sub-indicators was limited by the availability of data on possible proxies for the "meaningful participation of employers". The rationale for choosing each sub-indicator as well as the limitations related to each sub-indictor are noted in Annex 2 of this report. This composite indicator was a combination of the following sub-indicators:

- The percentage of employers' seats on the board of the training fund;
- The level of decision-making autonomy of the training fund's boards;
- The extent to which employers' organisations provide inputs in the development and implementation of programmes funded by the training fund; and,
- Whether the nomination of an employer representative on the training fund's board of directors is made by the employers' body.

Another composite indicator was developed to describe - in a measurable way and with the data available - the quality of the training funds. The choice of these sub-indicators was limited by the availability of data on possible proxies for fund "quality". The rationale for choosing each sub-indicator as well as the limitations related to each sub-indictor are noted in Annex 2 of this report. This composite indicator was a combination of the following sub-indicators:

- The extent to which employers trust the certificates of these programmes for recruitment or other human resource decisions;
- The extent to which the organisation managing the training fund also provides other services or if the training fund is managed independently;
- The availability of data on the percentage of funds allocated to training and administration;
- The extent to which monitoring and evaluation data exist to assess the effectiveness of the training fund;
- The presence of a clear and focused stated objective of the training fund;
- Whether or not there is an annual report easily and publicly available online (e.g. on the website of the training fund) that is less than 5 years old;

Each country was graded against a scale of 100 for both meaningful participation of employers and quality of training fund. Each of the sub-indicators that make up the composite indicators for "meaningful participation of employers" and "the quality of the training funds" was given a weighting such that each composite indicator was scored out of 100. See Annex 2 for the weighting of each sub-indicator and the rationale for each weighting. Doing this for each country resulted in one figure (out of 100) for each composite indicator. The composite indicator for the "meaningful participation of employers", being the independent variable (cause), was plotted on the x-axis (horizontal), while the composite indicator for "the quality of the training funds", being the dependent variable (effect or outcome), was plotted on the y-axis (vertical). Good practices were also documented for two countries, as illustration – for two countries where employers' meaningful participation has impacted the Fund's quality.

The research has some limitations:[3]

- **Sub-optimal response rate** - In each country, the intention was to seek responses from both the organisation managing the training fund as well as a representative of employers, so that these responses could be compared. Despite best efforts, responses were not received from both parties in all countries. Of the 26 countries with training funds in Sub-Saharan Africa, there was a response from either the organisation managing the training fund or the employers' organisation (or both these bodies) for 85% (22 out of 26)

[3] Limitations related to the choice of indicators are addressed in section 4 and in Annex 2.

countries, including from the following: Benin, Botswana, Burkina Faso, Central African Republic, Chad, Cote d'Ivoire, Congo, Equatorial Guinea, Guinea, Kenya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Namibia, Niger, Nigeria, Senegal, South Africa, Togo and Zambia. Almost 70% of all organisations managing training funds (18 / 26) and almost 70% of employers' organisations responded to the survey. Additionally, several countries in SSA that have training funds were not covered by the study as neither the organisation managing the training fund nor the employers' organisation responded or could be reached, including Gabon, the Gambia, South Africa (for SETAs), Tanzania and Zimbabwe. However, the sample collected was sufficient for the purpose of the research.

- **Incomplete answers** - For some questions only very few employers' representatives could answer - for example, only two employers' representatives could answer question 10 which asked respondents about training funds expenditures (see Annex 1). In few of the countries where both the organisation managing the training fund and the representative of employers responded there were conflicting responses. Where this occurred, in questions that related specifically to employers' opinions (see footnote 5), the response of employers was used in the analysis.

- **There are other factors related to quality of training that could be explored further with other methodological approaches.** Chiefly among them is the solidity of the quality assurance processes, that can be supported by fair and well-structured procurement processes for training provision, as well as a strong and fair accreditation process, as well as the status and capacity of teachers. These aspects could not be investigated through short online questionnaires and would deserve more in-depth research.

- **Possible confounding factor could not be controlled for**. Any correlation between two variables does not necessarily mean that the two variables are causally related. There may simply be a spurious relationship between these two variables, in which that appear to be related, but the relationship is due to a third variable (a confounding factor). In other words, there may be factors that affect both x and y. Potential confounding factors include, for example, country-level policy environments or the structure of the levy system. This study was not able to control for such possible confounding factors which represents a limitation in the study.

2. Findings

2.1. Employers' participation in training funds in Sub-Saharan Africa

As noted above, the most common governance arrangements among training funds in SSA are either tripartite or tripartite-plus approaches, with employers participating in all but three training funds (Fig. 1).[4] Not all tripartite arrangements have an even (or near even) representation between government, employers and workers. There is a large variation of the share of employers' seats on the training fund boards - from 14% in Benin, to 92% in Botswana. For training funds with a tripartite-plus governance arrangement, the proportion of employers on the boards varies from 7% to 30%.

▶ **Table 3. Governance arrangements in training funds - by country, with share of board seats of employers' representatives**

Governance type	Country (% of board who are employer representatives, where applicable)
Government (only)	Namibia*,[5] South Africa (NSF)*, Tanzania**
Government and employers	Benin[6] (14%)*, Botswana (92%)*
Employers-plus	Zimbabwe (44%)**
Bipartite (employers and workers)	South Africa - SETAs (50% or more)**
Tripartite	Burkina Faso (33%)*, Chad (33%)*, Côte d'Ivoire (31%)*, Republic of Guinea (20%)*, Madagascar (36%)*, Mali (33%)*, Mauritania (33%)*, Senegal (25%)*, Togo (33%)*
Tripartite-plus	Central African Republic (20%)*, Republic of Congo (7%)*, Kenya (30%)*, Malawi (7%)*, Mauritius (25%)*, Niger (17%)*, Nigeria (23%)**, Zambia (27%)*

Source: * 2024 data from this study; ** 2020 data from UNESCO (2022); Nigeria data also from www.itf.gov.ng.

Employers' representatives were selected by the Employers' Organisation in three-quarters (76%) of training funds surveyed that have employers' representatives.[7] In a quarter of training funds, employers' representatives are appointed directly by the Government. However, in some cases employers' organisations are asked to nominate several "candidates" and then the government decides which employer representative to

[4] Similar to the 'plus' in "tripartite-plus", the 'plus' in "employers'-plus" refers to other representatives (for example, representatives of training providers, persons regarded as being knowledgeable about TVET etc).

[5] The board of the Namibia Training Authority (NTA) is supposed to be a tripartite-plus arrangement with 11 members, including five members nominated by employer representatives (see NTA, 2021). However, the organisation managing the training fund in Namibia reported in this survey that currently there are no such members nominated by employer representatives. This was confirmed by an employers' organisation in Namibia (December 2024).

[6] According to the response of the National Employers' Council of Benin, who are a member of the Board of the training fund in Benin (FODEFCA), there are currently no workers' representative on the Board. In 2020, FODEFCA's Board was reported as being of a tripartite-plus nature (UNESCO, 2022).

[7] Respondents - comprised of both the organisations managing the training fund and employers' organisations - indicated this in 16 out of 21 countries where data are available.

AFD already observed in 2016 direct or indirect state supervision over decision-making processes in the vast majority of funds. It concluded that "At a time when all analyses show that professional training is effective only if it meets the demand for skills defined in close connection with socioeconomic organizations, it seems essential that training funds become institutions with truly partnership-based governance and gain autonomy both in the selection processes and in the allocation of funding." Agence Française de Développement (2016) Etude sur le Financement de la Formation Professionnelle

appoint to the Board; employers' organisations from two different training funds (who asked to remain anonymous) indicated that while they do not make their nominations based on political party lines, the government usually selects the nominated employer that best fits with their political party.

Employers' organisations also report uneven participation in decision making. Only half (56%) of training fund boards decide where to allocate funds without needing subsequent approval of government. Over 30% (31%) of employers' organisations indicated that the government has the final say in approving any allocation.

Few Employers' organisations are aware of data related to the funds' expenditures. Most (almost 90%) employers' organisations report that they have no information on training fund expenditure. Of the 16 employers' organisations (from 16 different countries) that replied to the survey, 14 indicated that they had no information about the actual expenditure from the training fund financed by the levies from their members.

Two-thirds of employers' organisations indicated they were aware of the type of data collected on the outputs/outcomes of funded training. This data might include enrolment data, number of dropouts, number of graduates, the existence of perception or satisfaction surveys etc (see section 3, below).

Just above half of employers' organisations contribute to training funds decisions. 56% of employers' organisations indicated that they provide inputs "to some" or "to a great extent" into the development and implementation of programmes financed by the training fund. One quarter (4/16) of them indicated that they provide no input.

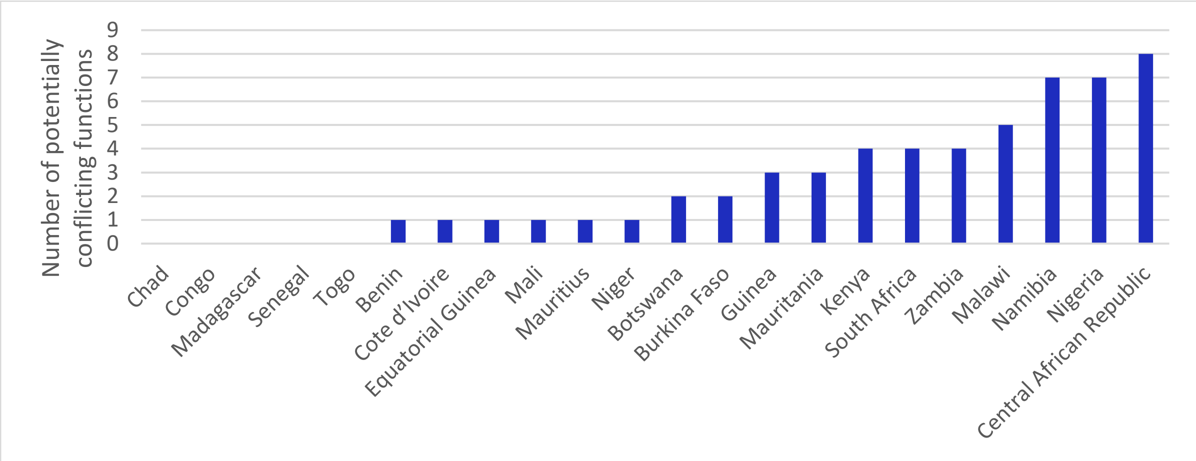
2.2. Aspects of training fund quality in Sub-Saharan Africa

Less than half of employers' organisations reportedly trust the training certificates of programmes financed by the training fund to "some" or a "great" extent. 10/21 or 48% employers' organisations reportedly trust certificates of programmes funded by the training fund to either "some" or a "great" extent.[8] However, only 4 of these 10 responses came from employers' organisations themselves (Mali, Nigeria, Senegal, Togo) with 6 responses coming from the organisations managing the training fund (Central African Republic, Cote d'Ivoire, Zambia, Burkina Faso, Madagascar, Malawi). When taking only the responses from the 14 employers' organisations that responded to this question, 6 out of 14 (43%) indicated that they trust certificates of programmes funded by the training fund to either "some" or a "great" extent.

Over 40% of training funds are not independently run but jointly with other functions and services. Independent training funds can motivate the participation of employers, avoid bureaucratic delays and conflict of interests (e.g.: when the training fund administers training provisions). The questionnaire asked what services / functions are provided by the organisation managing the training fund, including: collecting the levy directly; running its own vocational training institutions; being the national coordination body for TVET in the country; being responsible for the registration and accreditation of all TVET institutions in the country; being responsible for curriculum, assessment and certification of TVET institutions in the country; being responsible for setting national TVET standards; being for, or having a major input to, the setting of national TVET policy; being part of a government ministry; or some other function (to be specified). The data collected was supplemented by country-level training fund data from UNESCO (2022) and from training funds' own websites.

[8] Overall, data are available for this question for 21 training funds (from employers' organisations for 14 training funds and from organisations managing the training fund from 7 training funds).

▶ **Fig.1. Number of reported functions or services provided by the organisation managing the training fund which represent potential conflicts of interest**



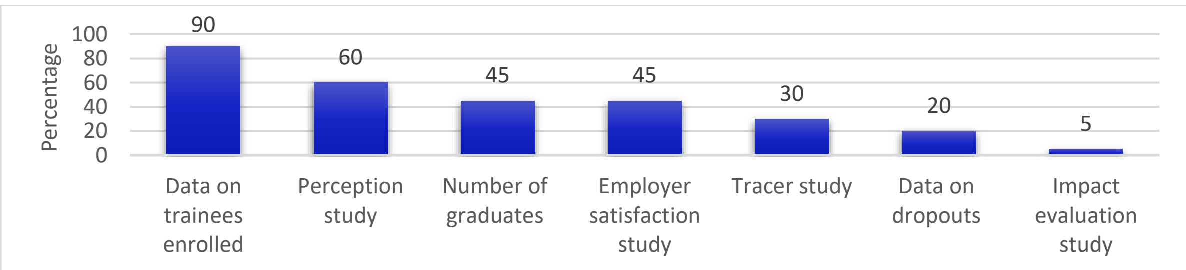
Source: Survey data, this study.

Less than a quarter (5 / 22, 23%) of training funds and (2 / 16, 10%) of Employers' Organisations were willing or able to provide an estimated breakdown of expenditure (e.g. share of expenditure spent on training and on administration). A well-functioning training fund should be allocating most of its income from employers' levies to training, as foreseen in its mandate. The five training fund organisations that were able to provide such estimates were those in Botswana, Kenya, Madagascar, Mauritius and Senegal. The employers' organisations in Mauritius and Madagascar were the two exceptions. Unfortunately, there was a huge unwillingness or inability to share such data in the current survey.

The employment outcome of the trainings is not sufficiently measured. Just under half of training funds report getting feedback from employers through satisfaction surveys. 6 in 10 training funds report to be undertaking some kind of trainees' perception study on the outcomes of training. Less than a third are undertaking tracer studies. Only 1 in 20 (5%) of the training funds have undertaken and published a rigorous impact evaluation study (Table 4)[9] - Training funds that invest in regular tracer studies and employers' satisfaction surveys and impact studies will be better informed for financing decisions they must make. In this respect, there has not been progress since the 2016 AFD study on that noted "the lack of evaluation of socio-economic and institutional impact does not allow to fully appreciate the function these funds actually play in national skills development policies and systems" (p.61).

> The one training fund in SSA for which there is an impact evaluation is the National Training Fund in Mauritius. One of the findings from this evaluation was that large firms in Mauritius are not incentivized by the training fund to train employees, but small firms are (Kuku et al., 2015).

▶ **Fig. 2 Incidence and type of data collected used to assess the performance of training funds**

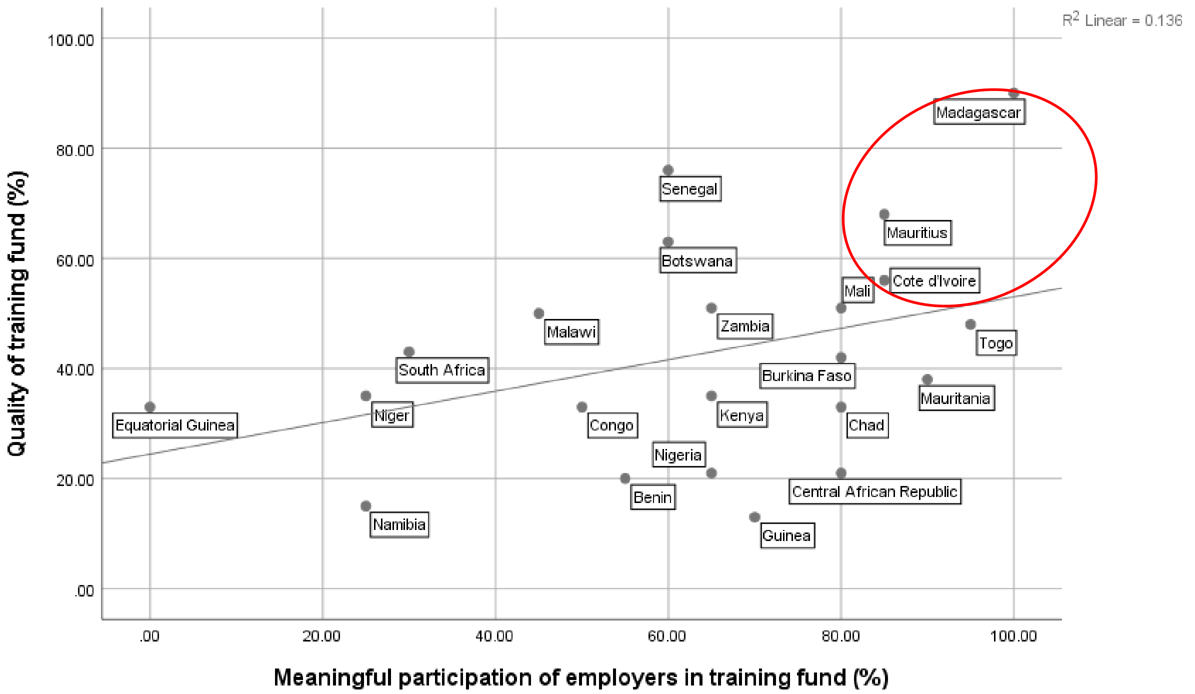


Source: Survey data, this study. N = 20 training funds

2.3. Correlation

There is a modest positive correlation (r = 0.37) between the meaningful participation of employers in training funds and the quality of these training funds. In other words, as the meaningful participation of employers in training funds increases, the quality of these funds increases (Fig. 3). The p-value is suggestive of a trend toward significance.[10]

▶ **Fig. 3. The relationship between the meaningful participation of employers in training funds and the quality of these training funds**



Note: South Africa, above, refers to the National Skills Fund only. Countries circled in red are rated as having high employer participation in their training fund and high fund quality.

While meaningful employer participation is a contributing factor, it is likely not the sole determinant of fund quality.[11] Other variables such as strong quality assurance functions, political economy dynamics may also play crucial roles. While there is a general trend that the higher the extent of employer participation in training funds, the higher the quality of that training fund is likely to be, this trend does not hold true all the time. There are several examples of training funds where the participation of employers is rated highly (above 60%), and yet the quality of these training funds remains low (at or below 20%), most notably in Guinea, the Central Africa Republic and Nigeria.

2.4. Good Practices

Three training funds stand out as having achieved a high percentage score with regards to both the meaningful participation of employers (above 80%) and the quality of the training fund (above 50%). Those funds in the top right quadrant of Fig. 2, namely: Côte d'Ivoire, Madagascar, and Mauritius. Additionally, the training funds in Botswana and Senegal should also be noted as having achieved a high percentage score (above 60%) with regards to both indicators. The type of employer participation in Cote d'Ivoire and Mauritius is summarised below.

[10] Although the p-value (p = 0.9) is higher than the commonly used significance threshold (0.05), it is close to this threshold and is suggestive of a trend toward significance that warrants further investigation. Moreover, given the small sample size (n=22) it could also be argued that a p-value of 0.9 is not unexpected and that with a larger sample (e.g. based on all training funds globally) the p-value might become significant.

Côte d'Ivoire

In Côte d'Ivoire, the Professional Training Development Fund (FDFP) is the sole public institution financing technical training. It is primarily funded by the Additional Tax for Continuing Professional Training and the Apprenticeship Tax, collected by the General Directorate for Taxes, respectively 1.2% and 0.4% of the gross payroll of all formal private establishments, and of some public institutions. The FDFP finances initial training, apprenticeships, upskilling and reskilling, and skills anticipation studies. It is managed by a tripartite Management Committee composed of 13 members: five government representatives and four representatives each, from employers' and workers' organisations. Resource allocation decisions are made autonomously by this Committee, without the need for prior government approval. Employers' representatives participate in the approval of training projects, can initiate training activities for the benefit of their members, and submit them to the fund for validation. Additionally, employers significantly contribute to the training offer by mobilizing in-company trainers and influencing the technical specifications of the training. Management fees are limited to 15% of revenues, and 80% of the remaining amount is directed towards training for contributing companies. Besides managing funds, the FDFP assists companies in anticipating their training needs and supports the quality of training provision. Its monitoring and evaluation is based on gender disaggregated performance indicators (number of beneficiaries, trainee integration, employer satisfaction). An ongoing reform aims to modernize the legal framework and improve the administrative and financial efficiency of the FDFP to enhance its responsiveness and impact.

Mauritius

In Mauritius, the National Training Fund is funded by a 0.75% payroll levy[12] and is managed by the Human Resource Development Council (HRDC). The HRDC is governed by a 12-member tripartite board (4 representatives of government, 3 employer representatives, 1 representative of workers, and 4 other representatives).[13]Industry representatives are active members of the HRDC Board, the National Training Fund Committee, the Finance Committee, and the Audit committee. Most of the sectoral committees at the HRDC are chaired by industry representatives. Industry representatives are part of technical and approval committees that green light the funding of skills development projects/schemes targeting beneficiaries pre- and post-employment (HRDC, this study).

[12] Employers have to pay a total payroll levy of 1.5%, with 0.75% going to the National Training Fund and 0.75% to the Workfare Programme Fund (a fund to cover unemployment benefit for workers in the private sector who are laid off).

[13] A Chairperson (nominated by Minister, in consultation with Business Mauritius); 2 reps with experience in the field of HRD appointed by the Minister; 1 rep of the Economic Development Board

3. Conclusions and Recommendations

3.1. Main conclusions

To impact training quality, the participation of employers needs to be a meaningful one. Employers' representatives need to be nominated by their own organisation rather than by government, on a board with no less than 1/3 employers' membership, that has a good level of autonomy to manage the fund. Employers also need access to data and analysis on both funds expenditures and results, and the capacity to provide inputs that are being considered for action.

It also likely needs to be supported by a strong quality assurance system, including transparent and accountable procurement system for training provision, strong accreditation and monitoring systems. The publication of the fund's expenditures and of its employment results can for instance contribute to federate all parties around a common objective of training for positive transitions on the labour market.

Potential confounding factors require further research. This study was able to explore the existence and demonstrate a correlational relationship between the meaningful participation of employers and, on the other hand, the quality of training funds. Future research might try to use multivariate regression models to control for confounding factors, providing a more nuanced understanding of what drives fund quality beyond employer involvement alone[14].

3.2. Recommendations

Policymakers should ensure that governance frameworks are clear and that employers have real decision-making power over fund allocation, training priorities and content. The most effective funds allow employers to shape training priorities, allocate resources, and oversee fund performance, ensuring that training investments align with labour market needs.

Training funds should publicly report on fund expenditures, results and impact. There is currently a real absence of publicly available cross-country comparable data on training funds which significantly limits the kind of research that can be undertaken.

Decision-makers in training funds should work towards tying part of funding allocations to measurable labour market outcomes, such as employment rates, wage growth, employer satisfaction. For this to happen, training fund monitoring and evaluation systems should move away from a primary focus on tracking outputs (e.g., number of people trained or certified) towards tracking labour market outcomes.

[14] Multivariate regression models are a type of statistical model that helps us understand how multiple factors (independent variables) affect an outcome (dependent variable). Potential confounding factors include, for example, country-level policy or political environments, the structure of the levy system, and the legislation around the governance and management of a training fund. Depending on data availability, it may not be possible to undertake such an analysis at a cross-country level, but only at a country level.

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Annex 1: Questionnaire

About this questionnaire

Training funds are one of the main instruments to finance training and apprenticeships in Sub-Saharan Africa. The 2020 UNESCO Global Review of Training Funds described the 27 training funds currently active in the region.

It identified challenges, including in terms of meaningful participation of the employers, and funds quality. In several instances, employers' organisations have expressed their expectations for greater involvement in the management of these Funds to improve the market relevance of the training they support. The objective of this research is to explore employers' participation in the management of the funds in Sub-Saharan Africa.

This research is undertaken for the ILO Skills Employability Branch, and any request for clarification can be addressed to Cecilia Pugliese, Employment Department/SKILLS Branch (pugliese@ilo.org). By answering the questionnaire, the respondent authorizes ILO to use this data for research and analysis purposes. The result of the research will be shared with the respondents; data will be stored in a safe manner and will not be kept longer than required for the analysis.

How to fill in the questionnaire

To select a response from a list, please **check the box** next to the option you have selected. For example, to select option a) below, check the box as shown:

Question: Who should pay the levy?

☒ (a) Private enterprise employers (formal sector)

☐ (b) Public sector employers

To add a response to a comment box, please **type** responses only (please do NOT compete in handwriting).

It should take no longer than 20 minutes to complete this survey.

Please send the completed questionnaire in WORD format only by email to rpalmer00@gmail.com AND pugliese@ilo.org

I. Information about the respondent

1. Country:

2. Name of the Fund:

3. How would you best describe your position in relation to the training fund? **(please select all that apply)**

☐ (a) I am an employer (levy payer)

☐ (b) I work for the organization managing the training fund

☐ (c) I am a member of the Board that governs the training fund

☐ (d) Other. Please specify below.

4. What is the name of the organization your work for?

II. Levy and Training Fund Purpose(s)

5. What is the official stated objective of the levy-financed training fund?

6. What type of levy is it?

☐ (a) A percentage of gross payroll

☐ (b) A fixed rate per employee

☐ (c) Other. Please specify below.

7. What is the levy rate (e.g. % of gross payroll, fixed rate amount)?

8. What is the minimum size of enterprises paying the levy? (number of employees)

9. Who collects the levy? (**please select only one**)

☐ (a) Income tax or social security agencies

☐ (b) The organization managing the training fund

☐ (c) Other. Please specify below.

III. Training Fund Expenditure - Where Funds are Spent

10. In 2023, approximately what percentage of training fund expenditure was spent on the following?

Expenditure area	Approximate percentage
(a) Training of workers in levy-paying firms	
(b) Training of workers in firms not paying levy	
(c) Training of apprentices in levy paying firms	
(d) Training of apprentices in firms not paying levy	
(e) Training in public training providers[15]	
(f) Training in private training providers[16]	
(g) Short duration training for disadvantaged or under-represented populations	
(h) Administrative management of the training fund	
(i) Levy collection costs	
(j) Other training related expenditures	
(k) Other non-training related expenditures	
(l) I don't have any information on fund expenditure	

[15] that could include equipment, infrastructure, provision of stipends to students and other costs associated with initial training

[16] that could include equipment, infrastructure, provision of stipends to students and other costs associated with initial training

IV. Training Fund Allocation – Decisions about How Funds are Allocated

11. Which of the following statements best describes the way in which decisions are made over the allocation of funds? (**please select only one**)

☐ (a) The Training Fund's Board decides where to allocate funds and this decision does not have to then be approved by the government.

☐ (b) The Training Fund's Board recommends to the Government where to allocate funds, and the Government approves it, along with the budget.

☐ (c) The government decides on where to allocate all or most funds and informs the Training Fund's Board, whose role it is to then oversee this allocation.

☐ (d) Something else (please specify)

V. Data and analysis for a more effective training fund

12. On what data is the analysis of the performance of the training fund based on? **(please select all that apply)**

☐ (a) Data on the number of trainees enrolled

☐ (b) Data on dropouts

☐ (c) Data on number of graduates

☐ (d) Data on graduates' employment and education status (through tracer studies).

☐ (e) Employers' satisfaction of the performance of the programmes' graduates (through employers' satisfaction surveys).

☐ (f) Evaluation of the impact of training (i.e. separately of other factors that may have affected the employment or education status of the graduates).

☐ (g) Other data – please specify below

☐ (h) I am not aware of any data collected.

13. Is this data and analysis disaggregated:

☐ (a) By age

☐ (b) By sex

☐ (c) By disability status

☐ (d) By other aspects of vulnerability

14. Is the data used for improvement of the programmes?

☐ (a) Yes

☐ (b) No

15. To what extent do employers trust the certificates of these programmes for recruitment or other Human Resource decision?

Not at all ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 To a great extent

VI. Training Fund Governance and Management – How Funds are Managed and Governed

Training fund governance

16. How many members of the Board are...

		Female	Male	Total
a)	representatives of government?			
b)	representatives of formal sector employers' organisations, or are formal sector employers themselves?			

c)	representatives of workers' organisations (e.g. trade unions)?			
d)	representatives of workers in the informal economy?			
e)	representatives of vocational training providers?			
f)	other representatives (please specify in comment box below)?			

Comment Box

17. How are employer representatives chosen to be members of the training fund Board? **(please select one only)**

☐ (a) Their nomination is made by the employers' body

☐ (b) They are appointed by the Government

☐ (c) In a different way (please specify below)

Training fund management

18. What are the services provided by the organisation managing the training fund ? **(please select all that apply)**

☐ (a) It manages the allocation of the training fund only

☐ (b) It collects the levy directly

☐ (c) It runs its own vocational training institutions

☐ (d) It is the national coordination body for TVET in the country

☐ (e) It is responsible for the registration and accreditation of all TVET institutions in the country

☐ (f) It is responsible for curriculum, assessment and certification of all TVET institutions in the country

☐ (g) It is responsible for setting national TVET standards

☐ (h) It is responsible for, or has a major input to, the setting of national TVET policy

☐ (i) It is part of a government ministry

☐ (j) It has other functions. Please specify below.

19. To what extent do employers' organisations provide inputs in the development and implementation of programmes funded by the training fund?

Not at all ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 To a great extent

What evidence is there to support your view?

20. How is the training fund activity reported upon? (select one statement that applies most closely)

☐ (a) There is no annual activity and/or financial report in the public domain.

☐ (b) There is an annual activity and financial report in the public domain which is more than 5 years old

☐ (c) There is an annual activity and financial report in the public domain which is more than 2 years old but less than 5 years old

☐ (d) There is an annual activity and financial report in the public domain which is less than 2 years old

VII. Ongoing reform and example of practice

21. Is the training fund in your country currently undergoing any reform, or is one planned within the next 12 months?

☐ Yes – please tell us about it in the box below, including the reason for the reform and the aspect of the training fund being targeted for reform.

☐ No

22. Please use the space below to provide an example from your Training Fund of good practices where meaningful employers' participation has contributed to quality training outcomes. Alternatively, please use the space below to tell us about how employers' participation could be improved and what impact it would have on Training Fund performance. What evidence is there to back up your assertions?

VIII. Follow Up

In this questionnaire all responses are anonymous. However, it could be useful in some cases to call or email you for clarification on some issues. If you would be willing to provide such further information, please add you contact details below. Please note, you do not have to provide your details if you don't want to. If you choose to provide your details, then your identity will still not appear in any final report unless you give permission in Question 23 below.

23. Please enter your information below (OPTIONAL)

(a) Name of person completing the questionnaire:

(b) Email address of person completing the questionnaire:

(c) Telephone number (WhatsApp) of person completing the questionnaire:

24. Are you happy for your name and /or institution to be included in the list of acknowledgements for this study?

☐ (a) Yes – my name and institution can be mentioned in acknowledgements
☐ (b) Yes – only my institution can be mentioned in the acknowledgements (not my name)
☐ (c) No – please keep my contribution anonymous (data will only be attributed to your country, not to your institution or to yourself).

25. Please check the box below to confirm that you authorize the ILO to use the information and data you have provided in this questionnaire for research and analysis purposes, which may or may not result in a publication.

☐ I authorize the ILO to use this data for research and analysis purposes

Thank you for your collaboration.

Annex 2: The development of composite indicators related to the meaningful participation of employers and the quality of the training funds

Composite indicator 1: the meaningful participation of employers in training funds

Definition of the sub-indicators, scoring and rationale for weighting

This compositive indicator is made up of the following sub-indicators:

		Weight
Sub-indicator 1	The percentage of the seats on the board of the training fund that are devoted to employers	40%
Sub-indicator 2	The level of decision-making autonomy of the training fund's board of directors	20%
Sub-indicator 3	The extent to which employers' organisations provide inputs in the development and implementation of programmes funded by the training fund	20%
Sub-indicator 4	Whether or not the nomination of an employer representative on the training fund's board of directors is made by the employers' body	20%

<u>Sub-indicator 1: The percentage of the seats on the board of the training fund that are devoted to employers</u>

Indicator definition: Total number of employers on the board divided by the total number of board members.

Overall rationale: Unless employers are actually part of the composition of the Board, they have no (or little) opportunity to engage with it and influence decisions. International experience emphasizes the need for substantial representation of employers in the governance of training funds (UNESCO, 2022).

Weight rationale: 40% weighting - participation in the first place is arguably the single most important factor when determining "meaningful participation".

Score rationale: Those training funds that had 33% or more of their board as employers were given the full 40 percentage points.

% seats on the board of the training fund that are devoted to employers	Score assigned
≥33%	40 percentage points
25-32%	30 percentage points
20-24%	25 percentage points
15-19%	20 percentage points
10-14%	15 percentage points

<10%	Zero percentage points
Ministry run (no employers on board)	Zero percentage points

Limitations: While readers might assume that this sub-indicator implies that more employer representation is always better, this is not necessarily the case but sometimes may be. In the weighting of responses to this, those training funds that had 33% or more of their board as employers were given the highest score. For tripartite funds, a 33% representation means that employers have a substantial voice (though government may still have more weight if their representation exceeds 33% relative to workers' representation). Additionally, while a majority of training funds in SSA are not employer-majority training funds, there are many examples of well-regarded sector training funds from Europe and Northern America and Oceana that are employer-majority and actually don't include government representatives in their governance arrangements at all (UNESCO, 2022).

Sub-indicator 2: The level of decision-making autonomy of the training fund's board of directors

Indicator definition: The level of decision-making autonomy of the training fund's board of directors was determined by asking which of the following statements best describes the way in which decisions are made over the allocation of funds:

(a) The Training Fund's Board decides where to allocate funds and this decision does not have to then be approved by the government.

(b) The Training Fund's Board recommends to the Government where to allocate funds, and the Government approves it, along with the budget.

(c) The government decides on where to allocate all or most funds and informs the Training Fund's Board, whose role it is to then oversee this allocation.

(d) Something else.

Overall rationale: Where training fund Boards don't have a high level of autonomy from government they are more likely to be led by government priorities. More successful training funds tend to function with a good level of autonomy (UNESCO, 2022).

Weight rationale: 20% weighting – justified by it being a significant factor.

Score rationale: The full 20 percentage points were given to those funds that had the most autonomy.

Level of decision-making autonomy of the training fund's board of directors	Score assigned
The Training Fund's Board decides where to allocate funds and this decision does not have to then be approved by the government.	20 percentage points
The Training Fund's Board recommends to the Government where to allocate funds, and the Government approves it, along with the budget.	5 percentage points
The government decides on where to allocate all or most funds and informs the Training Fund's Board, whose role it is to then oversee this allocation	Zero percentage points

Limitations: While response (a) is regarded as optimal – that the Training Fund's Board decides where to allocate funds and this decision does not have to then be approved by the government – such a response hides issues of political economy that may have shaped the composition of the board in the first place, or may being influencing the board in its ongoing decisions. Additionally, this response also hides issues that may be outside the actual control of the board, for example there may be legislative regulations specifying certain (percentage) allocations to x or y areas, that the board has little room to change.

Sub-indicator 3: The extent to which employers' organisations provide inputs in the development and implementation of programmes funded by the training fund

Indicator definition: The questionnaire asked: 'To what extent do employers' organisations provide inputs in the development and implementation of programmes funded by the training fund?' Respondents were asked to give their response on a five-point scale, where 1 = "not at all" and 5 = "to a great extent".

Overall rationale: The extent to which employers provide input to the development and implementation of programmes funded by a training fund is used as another measure of the extent to which employers are meaningfully engaged with that training fund.

Weight rationale: 20% weighting – justified by it being a significant factor.

Score rationale: The full 20 percentage points were given to those funds where it was indicated that employers provide inputs "to a great extent".

Extent to which employers' organisations provide inputs in the development and implementation of programmes funded by the training fund	Score assigned
5 in the 5-point scale	20 percentage points
4 in the 5-point scale	15 percentage points
3 in the 5-point scale	10 percentage points
2 in the 5-point scale	5 percentage points
1 in the 5-point scale	Zero percentage points

Limitations: This sub-indicator does not say anything about employers that are not part of such employers' organizations, particularly informal SMEs. The sub-indicator focuses on "inputs" rather than perceived or actual influence/impact; for example, employers' organisations may give inputs, but they may not be seriously considered or implemented. It may also be the case that employers' organisations overstate their involvement, making it difficult to objectively assess the actual level of engagement.

Sub-indicator 4: Whether or not the nomination of an employer representative on the training fund's board of directors is made by the employers' body.

Indicator definition: In the questionnaire, respondents were asked: 'How are employer representatives chosen to be members of the training fund Board?', with the following response options:

(a) Their nomination is made by the employers' body

(b) They are appointed by the Government

(c) In a different way.

Overall rationale: Employers might form part of a training fund board, but might not have been nominated to join the board by an employers' organisation. They might be there as a "political" appointment or else would be less able to represent the views of a wider range of employers.

Weight rationale: 20% weighting – justified by it being a significant factor.

Score rationale: The full 20 percentage points were given to those funds where the nomination of an employer representative is made by the employers' body.

Whether or not the nomination of an employer representative on the training fund's board of directors is made by the employers' body.	Score assigned
Their nomination is made by the employers' body	20 percentage points
Their nomination is made by the employers' body, but the government then gets to select from those nominated	10 percentage points
They are appointed by the Government	Zero percentage points

Limitations: A challenge noticed with the original wording of the question related to this sub-indicator was that it became apparent that, in some cases, employers' organisations were asked to nominate several "candidates", but then the government gets to pick which candidate is actually appointed. This opens the door for possible favouritism, appointment on political lines etc. This challenge was partially mitigated by giving a lower score to training funds where this was happening. However, it may have been missed in some instances as it was not explicitly asked about.

Composite indicator 2: the quality of training funds

Definition of the composite variables and rationale for weighting

This compositive indicator is made up of the following sub-indicators:

		Weight
Sub-indicator 1	The extent to which employers trust the certificates of these programmes for recruitment or other human resource decisions	30%
Sub-indicator 2	The extent to which the organisation managing the training fund also provides other services that represent a conflict of interest to the management of the training fund	20%
Sub-indicator 3	The availability of data on the percentage of funds allocated to training and administration	15%
Sub-indicator 4	The extent to which monitoring and evaluation data exist that can be used to assess the effectiveness of the training fund	15%
Sub-indicator 5	The presence of a clear and focused stated objective of the training fund	10%

Sub-indicator 6	Whether or not there is an annual report easily and publicly available online (e.g. on the website of the training fund) that is less than 5 years old which reports on the training fund activities	10%

Sub-indicator 1: The extent to which employers trust the certificates of these programmes for recruitment or other human resource decisions

Indicator definition: The questionnaire asked about: 'To what extent do employers trust the certificates of these programmes for recruitment or other human resource decisions?' Respondents were asked to give their response on a five-point scale, where 1 = "not at all" and 5 = "to a great extent".

NB. Where both the organisation managing the training fund and the employers' organisation in that same country responded to this question, the response was taken to be that of the employers' organisation. In the absence of a response from the employers' organisation in that country, the response from the organisation managing the training fund was used.

Overall rationale: The extent to which employers consider the training that is funded by the training fund of good quality (using the proxy measure of the extent to which employers trust the certificates) is an important measure of overall fund quality.

Weight rationale: 30% weighting – employer trust in the quality of the training funded by the training fund is arguably the single most important factor when determining "quality".

Score rationale: The full 30 percentage points were given to those funds where it was indicated that employers trust the certificates "to a great extent".

	Score assigned
5 in the 5-point scale	30 percentage points
4 in the 5-point scale	21 percentage points
3 in the 5-point scale	13 percentage points
2 in the 5-point scale	5 percentage points
1 in the 5-point scale	Zero percentage points

Limitations: A limitation of this sub-indicator is that it does not differentiate between training that has been contracted by the training fund directly (which is more likely to be pre-employment offerings) and training which is contracted by the employer directly (for which they seek reimbursement from the training fund). This distinction could be made in future studies. A further limitation of this sub-indicator is that employers' trust in certificates may be based on reputation or external validation rather than an actual assessment of training quality (in other words, employers' trust in a training programmes' certificate does not necessarily mean the training programme is of good quality). This sub-indicator is also subjective.

Sub-indicator 2: The extent to which the organisation managing the training fund also provides other services that represent a conflict of interest to the management of the training fund

Indicator definition: The questionnaire asked about any additional services provided by the organisation managing the training fund, including if:

- It collects the levy directly
- It runs its own vocational training institutions
- It is the national coordination body for TVET in the country
- It is responsible for the registration and accreditation of all TVET institutions in the country
- It is responsible for curriculum, assessment and certification of all TVET institutions in the country
- It is responsible for setting national TVET standards
- It is responsible for, or has a major input to, the setting of national TVET policy
- It is part of a government ministry
- It has other functions (to be specified)

Overall rationale: Oftentimes, an organisation managing a levy-financed training fund does so as part of a range of other functions, some of which could result in a potential conflict of interest with the management of such a training fund which can inhibit effective governance (UNESCO, 2022) and affect the quality of training which is funded. Below are two common examples:

- Where the organisation managing the training fund also runs its own vocational training centres which receive funds from the training levy; this represents a potential conflict of interest as there are a lack of checks and balances in the use the funds and an institutional bias in favour of funding vocational training being delivered by that same organisation.
- Where the organisation managing the training fund is part of a government ministry or reports to a government ministry; this represents a potential conflict of interest as there may be a bias towards funding government vocational training programs (especially those of the ministry the training fund reports to), or in funding government TVET agendas (which may not necessarily be the same as the priorities of levy-paying firms).

Weight rationale: 20% weighting – justified by it being a significant factor.

Score rationale: The full 20 percentage points are given to training funds that have no identified conflict of interest; for example, where the organisation managing the training fund manages the allocation of the fund only.

	Score assigned
No conflict of interest identified	20 percentage points
One potential conflict of interest identified	10 percentage points
Two potential conflicts of interest identified	5 percentage points
Three of more potential conflicts of interest identified	Zero percentage points

Limitations: Conflicts of interest often, but do not always, result in negative outcomes; it could be that some training funds with perceived conflicts of interest actually manage these conflicting interests fairly.

<u>Sub-indicator 3: The availability of data on the percentage of funds allocated to training and administration</u>

Indicator definition: The questionnaire had a detailed question asking about training fund expenditure; the approximate percentage of funds allocated to training (of various types), to administration, to levy collection etc (see Annex 1).

The original intention – had data been available - was to include two sub-indicators related to fund expenditure; one related to the percentage of training fund expenditure allocated to administration costs, and the other related to the percentage of training fund expenditure allocated to training costs. However, the widespread absence of such data from the majority of organisations managing the training funds (and from employers' organisations) meant that it was not possible to use such sub-indicators.

As such, it was largely only possible to know whether or not any expenditure data had been provided. In the cases where data was provided, it was possible to look at the allocation.

Overall rationale: Training funds which are resourced by levies that employers pay need to offer some mechanism to these levy-paying employers by which they can fund the training of their employees. At the same time, training funds that allocate excessive amounts of the collected levies to the administration of the fund demonstrate inefficiency.

Weight rationale: 15% weighting

Score rationale: The full 15 percentage points are given to training funds that have data available and that allocate 40% or more of fund expenditure to the training of employees in levy-paying firms and have administration costs of less that 15% of fund expenditure. Those training funds with no expenditure data as well as those that allocate less than 40% of fund expenditure to the training of employees or have administration costs of 15% of more are allocated zero percentage points.

	Score assigned
Data are available and the percentage allocated to training of employees in levy-paying firms ≥ 40% and the percentage allocated to administration is < 15%.	15 percentage points
Data are available and the percentage allocated to training of employees in levy-paying firms < 40% and/or the percentage allocated to administration is ≥15%.	Zero percentage points
No data are available.	Zero percentage points

Limitations: It is noted above that this sub-indicator was originally not intended, but a lack of data in the responses led to this. Even when the percentage of funds allocated to the training of employees in levy-paying firms ≥ 40%, it could still follow that this training is of mediocre of low quality due to other variables (for example, restricted choice of provision, or lack of quality assurance of providers).

<u>Sub-indicator 4: The extent to which monitoring and evaluation data exist that can be used to assess the effectiveness of the training fund</u>

Indicator definition: The questionnaire included a question asking: 'On what data is the analysis of the performance of the training fund based on?'. The following options were given:

- Data on the number of trainees enrolled
- Data on dropouts
- Data on number of graduates
- Data on graduates' employment and education status (through tracer studies).
- Employers' satisfaction of the performance of the programmes' graduates (through employers' satisfaction surveys).
- Evaluation of the impact of training (i.e. separately of other factors that may have affected the employment or education status of the graduates).
- Other data – please specify

One challenge that was evident in the data that was collected related to how both employers' organisations and those organisations managing the training funds defined what 'evaluation of the impact of training' actually meant. The questionnaire had intended it refer to 'impact evaluations' in which there was a treatment and control group or other quasi-experimental approach. In the responses it became clear that respondents who selected this option were actually referring to perception-type studies, or other pre- and post-test studies. Future surveys of this type should take this into account.

Overall rationale: Training funds that invest in regular outcome-focused monitoring and evaluation, for example employer satisfaction surveys and tracer studies to assess labour market outcomes of graduates, will be in a better position than training funds that only collect data on the number of "beneficiaries". Such an outcome-focussed approach should give rise to more informed decision-making with regard to fund expenditure (however, this is not of course guaranteed).

Weight rationale: 15% points.

Score rationale: The full 15 percentage points were given to those training funds that had a focus on conducting outcome-related surveys in the last five years.

	Score assigned
Have conducted 3 or more of any of the following in the last 5 years: tracer studies, employer satisfaction surveys and perception surveys	15 percentage points
Have conducted any 2 of the following in the last 5 years: tracer studies, employer satisfaction surveys and perception surveys	10 percentage points
Have conducted any one of the following in the last 5 years: tracer studies, employer satisfaction surveys and perception surveys	7 percentage points
Have data on the number of beneficiaries (graduates) reached AND data on drop outs OR offer data disaggregation by at least two fields (e.g. age, sex, disability, or other aspects of vulnerability)	5 percentage points
Only have data on the number of beneficiaries (graduates) reached (total) OR provided no response to the question	Zero percentage points

Limitations**:** The choice of this sub-indicator was driven by the data that was actually available, as noted above, and it has its own limitations. For example, the simple existence of monitoring and evaluation data, even if it is outcome-related data, does not necessarily mean that the organisation managing the training fund will learn from this data and react accordingly. This is assumed.

Sub-indicator 5: The presence of a clear and focused stated objective of the training fund

Indicator definition: For each training fund, the objective of the training fund was determined from a review of the training fund's website (or official documentation contained within in, for example annual reports or fund legislation) and by the responses provided in the questionnaire. A 'clear and focused' stated objective was defined as being one where there as a clear statement of what type of TVET/skills development is being supported and for whom.

Overall rationale: Training funds that have a clearly articulated purpose, that spells out what it is aiming to accomplish (for example incentivizing the training of employees in levy-paying

Firms) is an important element in the success of a fund (UNESCO, 2022).

Weight rationale: 10% points.

Score rationale: The full 10 percentage points are given when a training fund has a clear statement of what type of TVET/skills development is supported and for whom.

	Score assigned
There is a clear statement of what type of TVET/skills development is supported and for whom	10 percentage points
There is a general statement that the training fund supports TVET/skills development	Zero percentage points

Limitations**:** It is a subjective indicator since there is no strict definition of what is 'clear and focused' and what is not. It does not always follow that the presence of a clear and focused stated objective of a training fund will lead to expenditure in those areas. Additionally, something might be stated as an objective (for example the support of training in levy-paying firms) and in practice there is very little actual expenditure in this area.

<u>Sub-indicator 6: Whether or not there is an annual report easily and publicly available online (e.g. on the website of the training fund) that is less than 5 years old which reports on the training fund activities</u>

Indicator definition: The presence of an annual report that is easily and publicly available online.

Overall rationale: Training funds that produce annual reports and make them easily and publicly available online (via their own website if they have one, or elsewhere online) demonstrate a higher level of transparency compared to those that do not do this. In so doing, the training funds open themselves up to a higher level of scrutiny which may result in improved fund quality. Training funds that produce annual reports but do not circulate them publicly to key stakeholders show a lower level of transparency.

Weight rationale: 10% points.

Score rationale: The full 10 percentage points are given to training funds that have an annual report easily and publicly available online.

	Score assigned
There is an annual report on the training fund's website (or elsewhere available on the internet) that is less than 5 years old which reports on the training fund activities	10 percentage points
There is no annual report available online (either on the website of the training fund or elsewhere), or there is a report but it is 5 years old or more.	Zero percentage points

Limitations**:** The existence of an annual report on the website of a training fund does not necessarily mean that the fund will be of better quality; such a link is assumed. Some training funds might also produce very detailed annual (or more frequent) reports for their boards which are not available on their website. While this is a comment on the overall transparency of the fund, it may be that learning is still taking place at the board level.

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