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An Assessment of TESDA Scholarship Programs

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Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

The authors are Senior Research Fellow and Research Specialist, respectively, at the Philippine Institute for Development Studies (PIDS). All opinions expressed herein are those of the authors and not of PIDS or the Department of Budget and Management (DBM). The very able research assistance by Earl Justin Concepcion and Emma Cinco are gratefully acknowledged. We also gratefully acknowledge the inputs provided by the respondents during the focus group discussions which were invaluable in providing a better picture of the technical vocational education and training (TVET) sector, in general, and the scholarships, in particular. An earlier version of this report has been presented to the DBM. The report has also been sent by the DBM to the Technical Education and Skills Development Authority (TESDA) for their comments. All errors are the responsibility of the authors.

This study was commissioned by the DBM.

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List of Acronyms

APIS	– Annual Poverty Indicators Survey
BPAP	– Business Processing Association of the Philippines
CHED	– Commission on Higher Education
DBM	– Department of Budget and Management
DepEd	– Department of Education
DOLE	– Department of Labor and Employment
DTS	– dual training system
FGD	– focus group discussion
GASTPE	– Government Assistance to Students and Teachers in Private Education
IES	– Impact Evaluation Study
MTPDP	– Medium-Term Philippine Development Plan
NCAE	– National Career Assessment Examination
NCR	– National Capital Region
NSCB	– National Statistical Coordination Board
NSO	– National Statistics Office
NTESDP	– National Technical Education and Skills Development Plan
OFWs	– overseas Filipino workers
PESFA	– Private Education Student Financial Assistance
PIDS	– Philippine Institute for Development Studies
RA	– Republic Act
TESDA	– Technical Education and Skills Development Authority
TR	– training regulation
TVET	– technical vocational education and training
TVI	– technical vocational institutions
TWSP	– Training for Work Scholarship Program
YP4SC	– Youth Profiling for Starring Careers
ZBB	– zero-based budgeting

Abstract

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

The primary objectives of the study are to determine (a) internal efficiency (through the drop-out rate); and (b) external efficiency (through the rate of employment) of scholars of the TESDA technical vocational scholarship programs. Given limited time and resources, the study had to rely on data generated by TESDA. In particular, it did a re-analysis of the 2008 Impact Evaluation Study (IES) survey data to generate empirical evidence on the various issues of the study. It also used data from reports regularly submitted by the technical vocational institutions (TVIs) to TESDA for one region—the National Capital Region. This particular data set is the primary source of official TVET statistics. Administrative data from the implementing units of the scholarship programs were also used. In addition to these data sets, three separate focus group discussions involving relevant decisionmakers were also done. One was with national TESDA officials, another with the regional TESDA officials, and third was with the officials of the TVIs and TVI employers.

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

1 Introduction

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

TESDA scholarship programs have been implemented for a while with doubtful performance. For instance, from 2006 to 2008, the ZBB studies have shown based on available records that the program suffers from a high 6.1 percent dropout rate and a low 28.5 percent employment rate among graduates, with huge variability in employment rates among graduates across the regions. Commission on Audit reports for years 2006–2008 have noted these and have pointed out the need for an in-depth study on the reasons for this performance.

The primary objectives of the study were to determine (a) the internal efficiency (through the dropout rate); and (b) the external efficiency (through the rate of employment) of scholars of the TESDA technical vocational scholarship programs. These questions were designed to answer the basic policy question of whether or not the program is worth spending scarce resources on. Once these basic questions were answered, the study went on to the next set of operational questions aimed at identifying the

avenues for improving the effectiveness and efficiency of the programs. To address effectiveness, the study looked at ways of improving (a) the selection of scholars, (b) the selection of skills that need promoting through scholarships, and (c) selection of training institutions. Finally, ways of improving the efficiency of delivering the service were also explored.

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

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

After the presentation of the report to TESDA, the agency issued a rejoinder. The rejoinder is included in this report as Annex D for easy reference. The points raised where we have evidence are answered in this report. The authors, however, cannot comment on results cited using the 2011 Impact Evaluation Study (IES) because they did not yet have access to the data set.

2 Methodology and Data Sources

Given limited time and resources, the study had to resort to second-best methods and sources of data in reviewing the scholarship programs. First, we relied heavily on primary data generated by TESDA. In particular, we did a re-analysis of the 2008 IES data, covering graduates in 2007, to generate stronger empirical evidence on the issues of the study. The details of the re-analysis are contained in a separate background paper for the study (Orbeta and Abrigo 2011).[1] We also used raw data from reports submitted regularly by technical vocational institutions (TVIs) to TESDA for the National Capital Region (NCR). This data is supposed to be the basic source of information that goes into the official TVET statistics. We also used available administrative data generated by the implementing units of TESDA to describe the performance of the scholarship programs through the years. Second, we conducted focus group discussions (FGDs) with relevant decisionmakers of the programs. The first group consisted of national TESDA officials directly involved in administering the program. Another FGD was conducted with the NCR regional office and its district officials. Finally, an FGD with TVIs and TVI employers was also conducted to understand the challenges faced by training institutions. The FGDs were designed to dig into the decisionmaking process, and the opportunities and constraints facing the program implementers, which would help provide a better understanding of the issues in implementing the TESDA scholarship programs. The FGD instrument used is provided in Annex C.

[1] As this report was being prepared, the 2011 IES covering graduates from 2009 was being processed. This is also mentioned in the comments of TESDA (Annex D). It would be good to validate the results of this study with this new data set when it becomes available.

3 The TVET Market

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

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

Data from the 2008 IES show that the largest bulk of TVET graduates before attending training were high school graduates (50%), followed by college undergraduates (16%), college graduates and beyond (13%), and previous TVET graduates (12%). In terms of status of employment prior to attending training, the bulk (72%) came from the unemployed, while 25 percent were employed and the remainder did not indicate their employment status.

Another independent estimate of the structure of the TVET clients can be generated from the National Statistics Office's (NSO) 2008 Annual Poverty Indicators Survey (APIS). It showed that 61 percent of those attending postsecondary courses had secondary education; 38 percent

had other postsecondary education, and 0.7 percent were either college undergraduates or college graduates and above.

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

4 Program Description

Private Education Student Financial Assistance

Rationale. The passage of Republic Act (RA) 6728, otherwise known as the "Government Assistance to Students and Teachers in Private Education (GASTPE) Act", in 1989 introduced the Private Education Student Financial Assistance (PESFA) Program, predating the TESDA established in 1994. PESFA is a financial assistance program for deserving underprivileged students, which are targeted based on family income, geographical spread, and student academic standing. Although the program covers students enrolled in technical and vocational courses, it was not until the enactment of RA 8545 or the "Expanded GASTPE Act" a decade after when administration of PESFA was divided between the Commission on Higher Education (CHED) for enrollment in nondegree courses and TESDA for enrollment in nondegree technical vocational courses. PESFA under TESDA has an annual budgetary appropriation of PHP 200 million.

TESDA-PESFA aims to improve equity and access to TVET opportunities, as well as to ensure immediate employment among its beneficiaries, at the microlevel. At the more aggregate level, meanwhile, the program seeks to induce investments in TVET, and to encourage TVIs to offer courses that are more responsive to labor market demands.

Selection. The target beneficiaries of PESFA are the unemployed and underemployed. In general, PESFA scholars must have the following qualifications: (a) be at least eighteen years old at completion of the training; (b) be a high school graduate; (c) has taken the National Career Assessment Examination (NCAE) or the Youth Profiling for Starring

Careers (YP4SC)[2]; and (d) have an annual family income of up to PHP 120,000. In addition, grantees must pass the applicable pretraining qualifications required by the training program he/she wishes to enroll in. Selection of beneficiaries is determined through the local offices of TESDA.

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

Benefits. TESDA-PESFA is mainly a scholarship program, which includes the following: (a) full training cost per TESDA-approved cost schedule; (b) student allowance equivalent to PHP 2.80 per hour multiplied by the prescribed training hours; and (c) book allowance ranging from PHP 100 to 500 depending on number of months of prescribed training. Scholars may likewise benefit from the general support services provided to the TVET system by TESDA, including: (a) free career profiling, and (b) employment referral.

PESFA is administered using a voucher system. Each person may avail himself or herself of a PESFA scholarship only once. Since 2007, the vouchers may only be used in private TVIs for modular qualification-based training programs registered with TESDA instead of the 1-2-3 years training programs followed by the TVET sector in earlier years. PESFA vouchers are nontransferable and not for sale. In addition, the vouchers may not be used outside the province/district of his/her residence except for the following reasons: (a) no registered program of the grantee's choice within the province/district of residence; or (b) registered program in adjacent province/district is more accessible to the grantee. Deferment may be considered only in cases of (a) serious illness, (b) death in the family, or (c) other unavoidable circumstances that would prevent the scholar from continuing his/her studies.

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

Allocation. Based on the latest official poverty incidence estimates from the National Statistical Coordination Board (NSCB) and the number of high school graduates from the Department of Education (DepEd), the PHP 200 million annual PESFA budget is allocated by TESDA Central Office to the different local TESDA units, i.e., regional and provincial/district offices, proportional to the expected number of poor high school graduates in each congressional district covered by the respective TESDA unit. The expected number of slots available for a given area is computed by dividing the budgetary allocation for the area by a fixed per capita cost[3]. Budgetary and slot allotments are disaggregated by region, province/district, and legislative district. Area-specific priority skills wherein scholars may enroll are identified in qualification maps prepared by local TESDA offices in coordination with local industry leaders and partners.

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

Training for Work Scholarship Program

Rationale. The Training for Work Scholarship Program (TWSP) was introduced in 2006 largely as a response to findings presented in the Department of Labor and Employment (DOLE) National Manpower Summit conducted in the same year. An initial PHP 500 million was provided to TESDA for 100,000 scholarship grants, covering either full or partial TVET costs, to address structural unemployment, as well as to pump-prime the economy. Unlike the more general framework expounded in PESFA, TWSP is more focused on skills trainings that are directly connected to existing jobs.

Selection. In addition to the unemployed and underemployed, TWSP targets beneficiaries which include displaced workers, both OFWs and local

[3] In 2010, the expected per capita cost is pegged at PHP 14, 000 per training program.

workers as identified by the DOLE. Eligibility requirements for TWSP are more general than that for PESFA. These include: (a) age of at least fifteen years old; (b) completion of the NCAE or YP4SC; and (c) passing the applicable pretraining assessment or entry-level requirements.

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

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

Benefits. TWSP provides similar benefits to PESFA, to wit: (a) full training cost; (b) student allowance; and (c) other post-training services embedded in the TVET system support services of TESDA. TWSP does not provide a book allowance unlike in PESFA. However, the TWSP rate for student allowance is higher. TWSP beneficiaries identified as displaced workers by DOLE are entitled to an income support fund amounting to half the regional non-agricultural sector minimum wage set by the Regional Tripartite Wages and Productivity Board. The rest receive PHP 60.00 per day from a training support fund. The total support is based on the number of days the scholar is present, but not more than the total number of training days identified in the competency-based curriculum developed for the respective training programs. Beneficiaries under some subprograms of TWSP, such as "Sa TEK-BOK, May Hanapbuhay Ka Program" and "TESDA Balik-Buhay sa Mindanao Program", receive tool kits after completion of the training program, in addition to those benefits already mentioned.

TWSP is also administered as a voucher system. Unlike PESFA, however, the restriction on single availment of TWSP per person was lifted in March 2009 in support of the Economic Resiliency Program of the government in response to the 2009 global economic crisis. After March

2009, interested scholars may avail themselves of two related training programs plus an optional language course. Another difference of TWSP with PESFA is the portability of the scholarship grant across regions, which is maintained by TWSP since its introduction in 2006. This means that TWSP vouchers issued in one region may be used by scholars for enrollment in any other region, where the voucher will be credited.

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

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

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

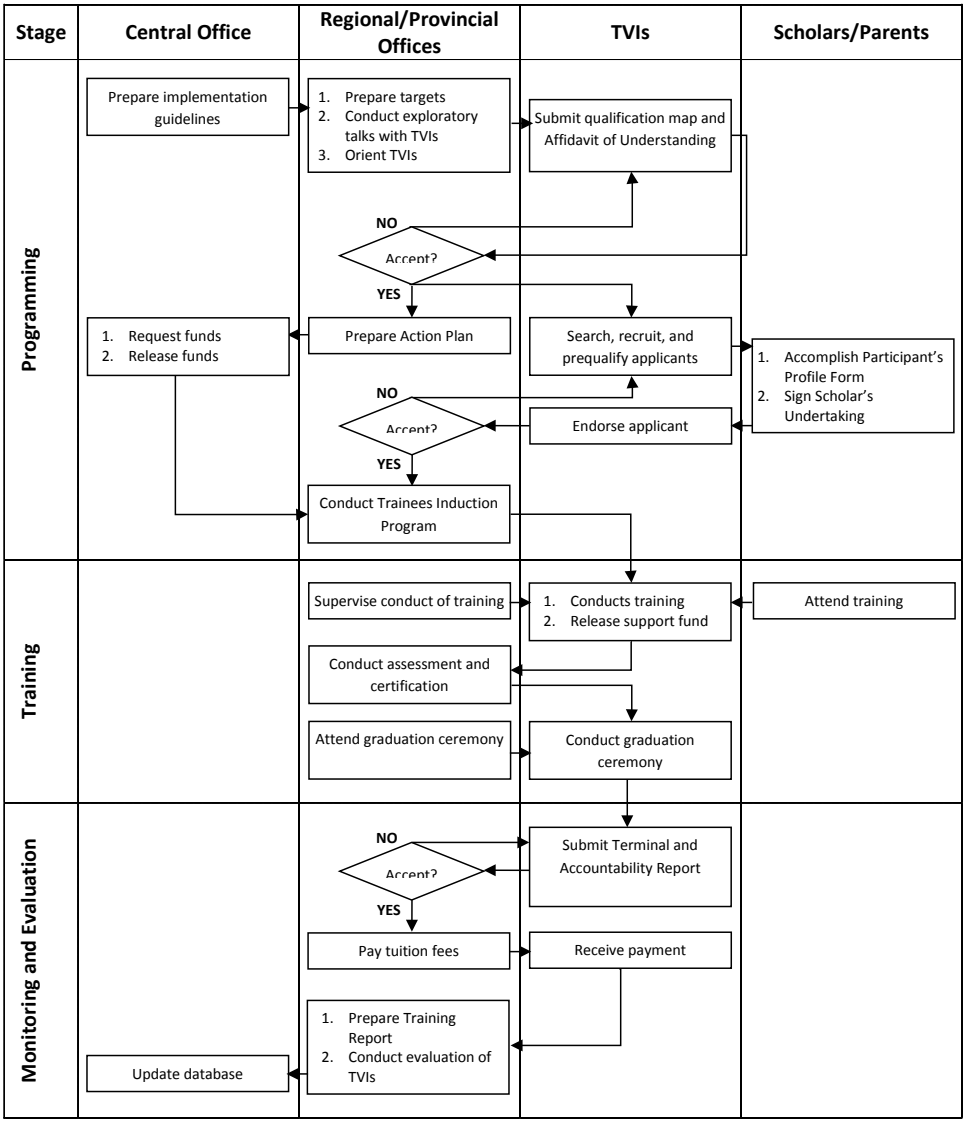
	PESFA	TWSP
Scope		
Qualification/program	All qualifications and clusters of competencies with training regulations as provided by various TESDA issuances; critical competencies/qualifications approved by TESDA that respond to emerging and highly in-demand job requirements in the local and overseas labor market	
Training providers	All private TVET institutions with TESDA-registered programs	All public and private TVET institutions and enterprise-based training providers with TESDA-registered programs
Scholar's qualification		
General	Has taken NCAE or YP4SC; has passed the applicable pretraining assessment/entry level requirements of the qualification	
Specific	At least 18 years old on the completion of training; annual family income of not more than PHP 120,000; high school graduate (TESDA Circular No. 08, s. 2010)	At least 15 years old
Benefits		
General	Free career profiling; free full training cost per approved cost schedule; employment referral	
Specific	Student allowance equivalent to PHP 2.80 multiplied by the prescribed training hours; book allowance ranging from PHP 100–500 depending on number of months of prescribed training (TESDA Circular No. 08, s. 2010)	Income support fund for displaced workers at half the daily minimum wage per training day; training support fund for others at PHP 60.00 per training day; provision of tool kit as per approved cost schedule for select training programs; free competency assessment
Containment policy	Yes (TESDA Circular No. 08, s. 2010)	No

Table 1. (continued)

	PESFA	TWSP
Multiple availment	No (TESDA Circular No. 08, s. 2010)	Yes
Geographic allocation		
Basis	Number of high school graduates; poverty incidence; allocation proportional to the expected number of poor high school graduates in area	Labor market demand per qualification; area sectoral capacity; priorities set by the economic program
Basic allocation unit	Legislative district	Province/District
Performance indicator	55 percent employment rate within six months after training; 84 percent certification rate (TESDA Circular No. 08, s. 2010)	60 percent employment rate within one year after training; 75 percent certification rate
Year Started	1999	2006

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

Figure 1. TWSP financial and administrative flowchart



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

5 Assessment of Performance

Coverage

Table 2 provides an estimate of the proportion of TVET graduates that have enjoyed scholarship support. It shows that although coverage is relatively low, it has quadrupled to 17 percent in 2007 from 4 percent in 2004 using data from the 2005 and 2008 IES (Table 2). This is largely because of the expansion of the TWSP. While the budget for PESFA hovers at less than 200 million, TWSP's budget expanded to 5.6 billion in 2009 from 200 million in 2006 (Table 3). The number of TWSP scholars also increased to more than 700,000 in 2009 from 200,000 in 2006/07 (Table 4). For PESFA, the number of scholars is only around 20,000.

Table 2. Scholarship coverage

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

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

Table 3. PESFA and TWSP expenses (PHP million), 2006–2009

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

Source: TESDA-TWSP Project Monitoring Office

Characteristics of scholars

It is obvious that characteristics determine outcomes. Hence, it is useful to look at the characteristics of scholars before they went into training. Unfortunately, we only have detailed data for TVET graduates from the 2008 IES and not for all TVET students. We use this data set of TVET graduates to describe the characteristics of scholars, particularly education and employment status, before they went into training. Table 5 shows that the bulk (50%) of TVET graduates were high school graduates before attending training. This cohort is distinctly higher among PESFA scholars (68%) compared with TWSP scholars (41%), other scholars (50%), and non-scholars (50%) TVET graduates. It also appears that a larger proportion of TWSP and other scholars had a higher educational attainment before

Table 4. Performance of scholarship programs

	2006–2007	2008	2009
TWSP			
Total budget (in PHP million)	1,272	1,350	5,660
Number of persons benefited			
Enrollees	222,698	156,931	743,465
Dropouts	7,280	15,728	10,809
Graduates	215,418	141,203	732,656
Number assessed			403,423
Number certified			313,972
Number employed	57,667	44,050	132,460
Performance indicators			
Graduation rate	96.7	90.0	98.5
Dropout rate	3.3	10.0	1.5
Certification rate			77.8
No. of employed as percent of graduates	26.8	31.2	18.1
No. of employed as percent of enrollees	25.9	28.1	17.8
Average cost			
Per enrollee	5,711	8,603	7,613
Per graduate	5,904	9,561	7,725
Per employed graduate	22,056	30,647	42,730

Table 4. (continued)

PESFA			
Total budget (in PHP million)	376	121	153
Number of persons benefited			
Slots available	27,075	28,032	18,478
Enrollees	30,725	15,929	17,205
Dropouts			159
Graduates	28,913	23,845	17,046
Number assessed			12,215
Number certified			8,593
Number employed			1,698
Performance indicators			
Graduation rate	94.1	149.7	99.08
Dropout rate			0.92
Certification rate			70.35
No. of employed as percent of graduates			9.96
No. of employed as percent of enrollees			9.87
Average cost			
Per enrollee			8,871
Per graduate	13,014	5,058	8,954
Per employed graduate			89,890
All TVET			
Total budget (in PHP million)	6,083	4,228	7,871
Number of persons benefited			
Enrollees	3,879,279	2,013,920	1,982,435
Dropouts	836,352	201,392	78,642
Graduates	3,042,927	1,812,528	1,903,793
Number assessed	656,507	552,356	836,131
Number certified	454,160	431,487	690,836
Number employed			
Performance indicators			
Graduation rate	78.4	90.0	96.0
Dropout rate	21.6	10.0	4.0
Certification rate	69.2	78.1	82.6
No. of employed as percent of graduates			
No. of employed as percent of enrollees			
Average cost			
Per enrollee	1,568	2,099	3,970
Per graduate	1,999	2,332	4,134
Per employed graduate			

Table 5. Education of TVET graduates prior to training

Education	Scholarship Type				Total Scholars	Non-scholars	Total TVET Graduates
	Not Indicated	PESFA	TWSP	Others			
Not indicated	-	1.6	1.1	1.8	1.3	6.1	5.3
Elementary undergraduate/graduate	6.1	0.4	0.7	0.4	0.7	0.8	0.8
High school undergraduate	-	0.7	1.2	3.8	1.7	3.4	3.1
High school graduate	52.3	68.3	41.4	50.0	48.9	49.8	49.6
Technical vocational graduate	20.4	14.6	12.5	15.5	13.9	11.5	11.9
College undergraduate	11.7	7.9	19.3	18.2	16.7	16.1	16.2
College graduate/higher	9.4	6.6	23.7	10.3	16.8	12.3	13.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Average years of schooling[\a]	10.4	10.4	11.3	10.7	10.9	10.2	10.3

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

Source of basic data: 2008 IES

Table 6. PESFA and TWSP expenses (PHP million), 2006–2009

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

Source of basic data: 2008 IES

attending training, compared with PESFA scholars. This was obviously because of the eligibility requirements as TWSP targets hard-to-fill jobs that cover not only traditional TVET courses but also some specialized IT courses, and PESFA strictly targets high school graduates with no further training. If one computes the estimated average number of years of schooling, the TWSP scholars have a higher number of years of schooling completed than those in PESFA, other scholars, and nonscholars. Thus, it can be said that the TWSP scholars have a better educational background than those in PESFA, other scholars, and nonscholars.

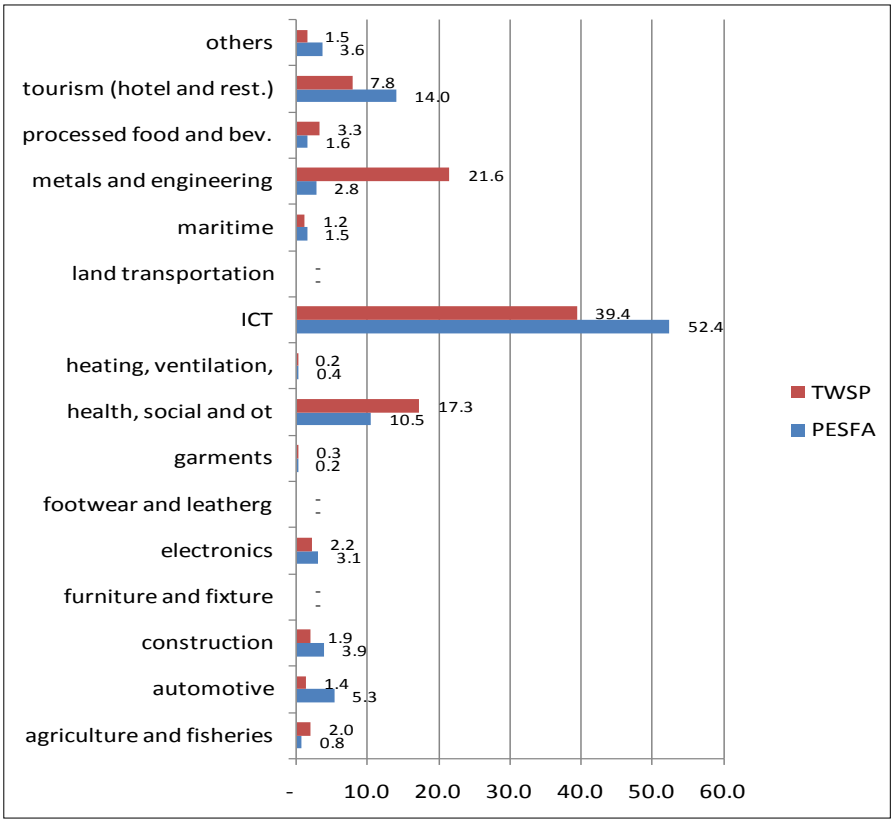
In terms of employment status before attending the training, more PESFA scholars (83%) were unemployed than TWSP scholars (74%), other scholars (74%), and nonscholars (72%) (Table 6). Again this was perhaps due to the eligibility criteria of the scholarships with TWSP aiming at hastening the filling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

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

Internal efficiency

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

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



Source of basic data: 2008 IES

Graduation rates. The graduation rates data are generated from the administrative reporting system[4]. Table 4 shows that in 2009, the latest data available at the time of writing the report, the graduation rates of the TWSP scholars was 98.5 percent and for PESFA, 99.1 percent (Table 4). Before 2009, the graduation rates, according to administrative reports, were not very far from these proportions. Thus, there appears to be no

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

problem of dropouts among scholars. This is particularly so if one notes that the graduation rates for the overall TVET sector is definitely lower although this has improved a lot recently[5]. During the FGD, it was revealed that only the training costs of those who had graduated were reimbursed by TESDA. This may have affected the reporting of graduation rates because definitely there was more motivation for TVIs to be complete in reporting graduates than in reporting dropouts.

Certification. In terms of certification, we use both administrative and impact evaluation study data. From the administrative reporting data, the certification rate reported for 2009 for the TWSP scholars was 78 percent while it was 70 percent for PESFA scholars, both of which were lower than that of the TVET-wide certification rate of 83 percent (Table 4)[6]. As mentioned earlier, there might be problems with accuracy of the administrative reporting data. Hence, we compared this with estimates from the 2008 IES data. The IES 2008 data showed that more than half (59%) did not take the assessment examinations on average (Table 7)[7]. This was also true among PESFA (51%) and TWSP (50%) scholars. The proportion certified as a percentage of graduates was similar for PESFA (38%) and TWSP scholars (40%) which were higher compared with non-scholars (32%) but appeared to be lower compared with other scholars (46%). When one looks at the certification rates relative to those who took the assessment tests[8], the certification rates were similar to the adminis-

[5] Lanzona (2008) showed lower graduation rates/higher dropout rates in earlier years (2000–2005).

[6] Earlier estimates for 2000–2005 showed certification rates of 59 percent (Lanzona 2008).

[7] It was pointed out by TESDA that some of the programs did not have assessment tools at the time of the survey, in 2007. Unfortunately, it was not clear which programs did not have assessment tools at the time of the survey.

[8] The comments from TESDA (Annex D) pointed out that the passing rate relative to those who took the assessment test was the more appropriate measure of internal efficiency. While valid, we would like to point out that this refers only to those who took the assessment test rather than those who completed the training. It must be appreciated with the qualification that there was self-selection involved here. It could be expected that only those who believed they had higher chances of passing took the assessment test. Given this, we maintain that the certification rate based on graduates is a better indicator of internal efficiency because it does not suffer from the self-selection problem, at least of those courses with training regulations (TR). It was also mentioned in the comments that the mandatory requirement of taking the assessment for those with TR was waived in 2009, weakening further this performance indicator. The TESDA rejoinder also points out that in the 2011 IES, the certification rate of TWSP scholars substantially increased and was higher than that of PESFA scholars.

trative reports mentioned earlier, indicating that the administrative data, despite expected problems, was not far from the more reliable IES data. It is noteworthy that PESFA and TWSP scholars have lower certification rates (77% and 80%, respectively) compared with the other scholars (84%) and even lower compared with nonscholars (83%). The lower passing rate for PESFA relative to TWSP, other scholars, and even nonscholars was more understandable because as mentioned earlier, they possessed lower educational (Table 5) as well as employment status (Table 6) backgrounds. Similarly, the poorer performance of TWSP scholars is a source of concern because education and employment background-wise they possessed as good or even better backgrounds than the other scholars and nonscholars.

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

It appears the certification rate reported in the administrative data may have been much higher than reported by the 2008 IES. Given potential problems with the administrative reporting system, this may be understandable.

Table 7. Certification of TVET graduates

Assessment Results	Scholarship Type				Total Scholars	Non-scholars	Total TVET Graduates
	Not Indicated	PESFA	TWSP	Others			
As percent of all graduates:							
Not indicated	2.6	2.4	1.6	0.9	1.6	1.1	1.2
Passed	35.0	38.0	39.8	46.3	41.0	32.5	33.9
Failed	6.9	9.0	8.6	7.7	8.4	5.7	6.1
Did not take	55.5	50.6	50.0	45.1	49.0	60.7	58.7
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Passed as percent of assessed	78.6	76.9	79.7	84.3	80.4	82.7	82.2

Source of basic data: 2008 IES

External efficiency

External efficiency is usually measured by the employment rate of TVET graduates. Having the necessary skills is only one aspect of employment. There are also the demand-side factors of employment that the TVET sector cannot be held responsible for[9]. However, since skills trainings are geared more toward the prospect of employment than say, general education, the employment rate is still a good indicator of external efficiency of TVET training. Thus, in assessing the external efficiency performance of the sector, we know that a 100 percent employment rate may be an unfair benchmark. This needs to be at the back of the reader's mind in appreciating the following discussions.

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

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

Given the way data was generated, a more reliable estimate is given by the IES data. This study drew the sample from a specific group of TVET graduates, i.e., those who had graduated in the preceding year (see Annex B for more description). Using the first employment after graduation[10], the 2008 IES data showed that the overall employment rate was at 34 percent (Table 8). For PESFA scholars it was 54 percent while for TWSP, 34 percent. For all graduates with scholarships, the employment rate stood at 40 percent, implying that scholars have higher employment

[9] This has been pointed out in the comment of TESDA (Annex D). But as explained, this only means that 100 percent may not be a valid benchmark.

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

Table 8. Employment of TVET graduates

Employment Status	Scholarship Type				Total Scholars	Non-scholars	Total TVET Graduates
	Not Indicated	PESFA	TWSP	Others			
(a) First job after training:							
Not indicated	2.6	2.3	6.1	1.5	4.1	5.6	5.4
Yes	38.4	53.7	33.7	42.2	39.7	33.1	34.2
No	46.9	38.0	47.6	49.9	46.3	49.5	49.0
Continued with the previous job	12.0	6.0	12.6	6.4	9.8	11.7	11.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
(b) Current employment:							
Yes	43.9	55.6	44.5	51.2	48.2	44.3	44.9
No	56.1	44.4	55.5	48.8	51.8	55.7	55.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source of basic data: 2008 IES

rates than nonscholars, whose employment rate stood at 33 percent. But it is a cause for concern that the employment rate of TWSP scholars was at the level of nonscholars. Another measure of employment is current employment during the survey. Using this indicator, the employment rate for PESFA scholars was 56 percent while that for TWSP scholars was 44 percent. Again the employment of TWSP scholars was at the level of the nonscholars. This is a cause for concern because TWSP was designed to address identified frictional unemployment issues, hence these skills were supposed to have readily available jobs. It appears that TWSP has failed in this objective of addressing hard-to-fill jobs[11].

Duration of job search. In terms of job search duration[12], IES 2008 data showed that the pattern after the first month appeared to be similar. Dur-

[11] The TESDA rejoinder in Annex D points out that in the 2011 IES, employment rate of TWSP scholars has substantially increased and was higher than that for PESFA scholars. They have also noted the marked decline in the employment rate of PESFA scholars between 2008 and 2011.

[12] This refers to the first job after graduation.

Table 9. Duration of job search

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

Source of basic data: 2008 IES

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

ing the first month, the PESFA scholars had a lower probability (28%) of being employed compared with TWSP and other scholars and nonscholars (35%, 38%, and 37%, respectively) (Table 9). Using the estimate average months to land the first job after training, the lowest was shown by TWSP scholars (5.2 months) although this was not very much shorter than for nonscholars (5.3 months). Thus, using the simple comparisons, it appears that the scholarship programs were not able to lower substantially the duration of job search for the first job after training.

It needs to be realized that these figures include only those who have found employment. Table 8 says that almost half (49%) have not yet found their first employment since finishing training and an even greater proportion (55%) were employed. This table, therefore, understates the length of duration of job search.

Using administrative data from NCR for 2009[13] allows one to visualize the pattern of employment absorption of TVET graduates by plotting the proportion of graduates who were unemployed by length of time from completion of training. It shows that hardly any of the graduates were

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

employed after three months and it would require well beyond one year after training before the employment rates reach the performance requirements of the scholarships (Figure 3.A). In terms of employment by sector, the figure shows that office administrative, office support, and other business activities were the fastest group to be employed, with accommodation and specialized construction activities as the slowest, and the food and beverage service in the middle (Figure 3.B). Comparing these results with IES data again highlights the problem with administrative data sources.

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

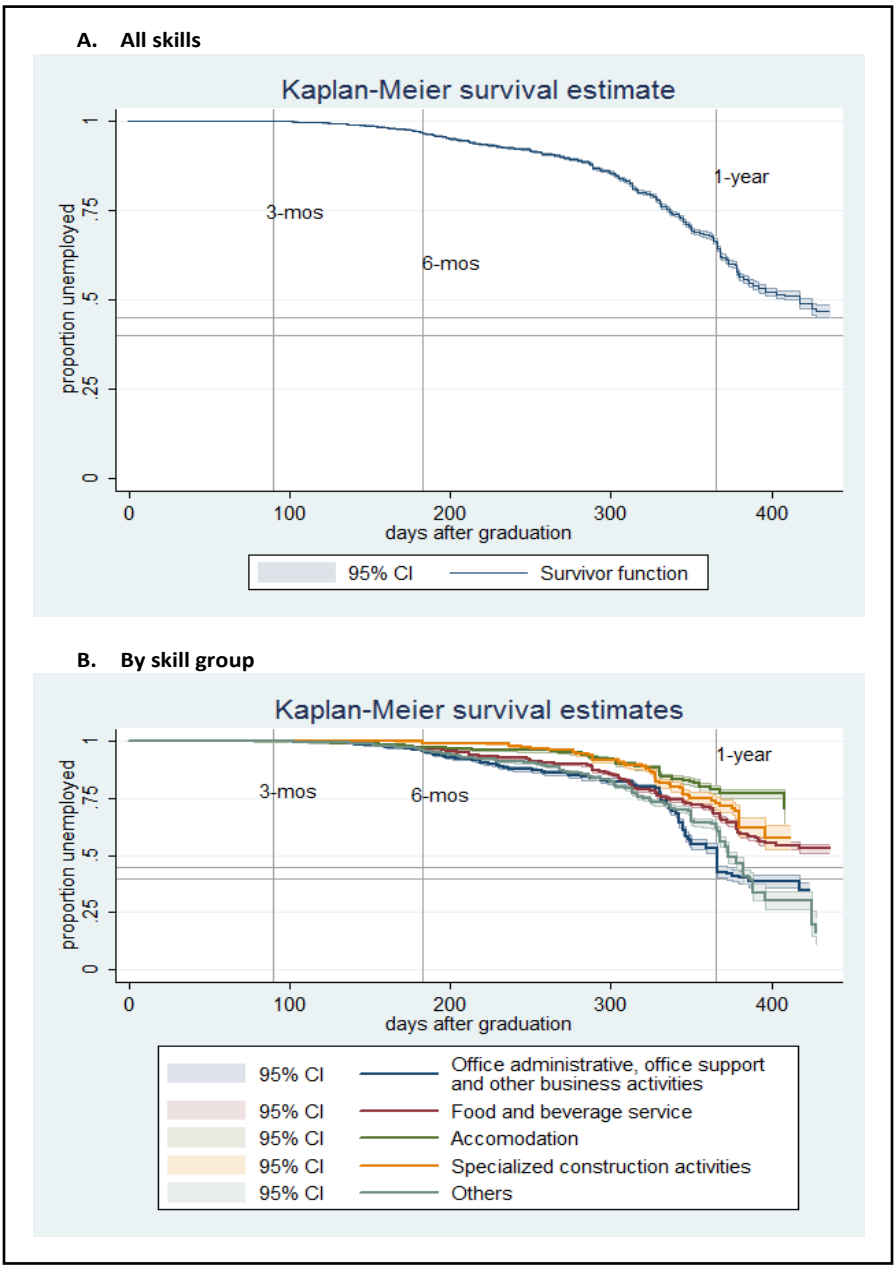
Quality of employment. Finally, in terms of the quality of employment, the IES 2008 data showed that there was not much difference in the quality of employment among the different scholarships. Those who had permanent jobs/business accounted for 18 percent for both PESFA and

Table 10. Utilization rate

Usefulness of Skill	Scholarship Type				Total Scholars	Non-scholars	Total TVET Graduates
	Not Indicated	PESFA	TWSP	Others			
Not indicated	-	1.3	2.0	1.0	1.6	1.0	1.1
Very useful	19.4	32.3	25.9	23.2	26.3	26.2	26.2
Some use	15.0	9.2	9.4	13.0	10.4	9.2	9.4
No use at all	9.5	12.8	7.2	14.0	10.0	7.8	8.2
Unemployed	56.1	44.4	55.5	48.8	51.8	55.7	55.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Passed as percent of assessed	78.6	76.9	79.7	84.3	80.4	82.7	82.2

Source of basic data: 2008 IES

Figure 3. Distribution of TVET scholars by priority sector and scholarship program



Source of basic data: 2008 IES

Table 11. Quality of employment

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

Source of basic data: 2008 IES

TWSP scholars, while for nonscholars, the figure was 19 percent (Table 11). The simple comparison shows that the scholarship programs seem to have not improved the quality of employment of the scholars measured in terms of job stability.

Impact of scholarship

Simple comparison of mean characteristics of scholars against nonscholars assumes that they have identical characteristics and the only difference is that one group has scholarship while the other does not have scholarship. The comparison done earlier, however, showed that there were differences in characteristics, such as education and employment status, between PESFA, TWSP, other scholars, and nonscholars. One needs to control for the effects of the difference in these characteristics for the comparison to provide valid impact estimates. Analysis that controls for the difference in characteristics using the reciprocal of the propensity scores as weights[14]

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

Table 12. Summary of impact estimates

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

/a Employed subsample only

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

showed several interesting results summarized in Table 12. Scholarship, in general, increases the probability of taking certification assessments. This was particularly true for TWSP but not for PESFA scholars. Scholarship, in general, also increases the probability of being employed. This result was particularly true for PESFA but not for TWSP scholars. It was noted earlier that employment rate of TWSP scholars was lower than the average. This is worrisome because TWSP scholars are supposed to be targeted at skills which have ready employment opportunities. Having a scholarship also reduces the length of job search. This was particularly true for TWSP scholars but not for PESFA scholars. This result is more consistent with expectations because as mentioned earlier, TWSP scholarships are supposed to be targeted at the frictionally unemployed, while PESFA scholarships are for increasing access to vocational and technical training for the poor. The scholarships were also found to have no impact on the usefulness of training on subsequent employment. This is worrisome as scholarships are supposed to be targeted at priority skills as determined in the National Technical Education and Skills Development Plan. The results imply that even with this guidance, the scholars did not find their training useful in their employment.

6 Summary and Recommendations

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

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

On the role of TVET

The role of TVET in the overall economy is well recognized as every country has technical and vocational training graduates as important parts of their labor force. The growing number of people enrolling in TVET courses also clearly indicates the role of TVET in the economy. However, it must be recognized that in the Philippines, like in many other countries, it continues to be a very small proportion of the overall labor market. Estimates from the employed persons by highest grade completed using the 2008 APIS[15], for instance, showed that those with TVET education accounted for only about 3 percent of the labor force. Of course, this an underestimate of those who had TVET training because there may be college graduates who had TVET training, too, but this will not be reflected as their highest educational qualification.

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

[15] Note that postsecondary education as the highest grade completed is not currently identified under the quarterly Labor Force Survey by the NSO.

On the role of government in TVET

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

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

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

On the role of scholarships in TVET

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

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

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

Another oft-mentioned objective is expanding the proportion of TVET graduates in the labor market, i.e., some skills do not need college education and are better filled by TVET graduates. Since the returns are more private than public, a better way of increasing general access to TVET for everyone would be through student loans.

Did these scholarship programs achieve their objectives?

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

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

Internal efficiency

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

External efficiency

Scholarships, in general, were found to significantly increase the probability of employment. But this was found to be only true for PESFA scholars and not for TWSP scholars. This is puzzling because TWSP is supposed to address the frictional unemployment problem, particularly the so-called hard-to-fill jobs, implying that these are readily available jobs waiting for persons with the right skills to come along. In terms of the duration of job search, TWSP reduced the period but PESFA had no effect. In terms of

the other dimension of employment, such as usefulness of training in the job, being in better jobs such as wage and salary workers or own-account workers, PESFA scholars were significantly better while there was no significant impact on these areas for TWSP scholars.

In assessing employment performance, it must be noted that employment rates were generally low, and that the highest was only 56 percent for PESFA scholars. The average was 45 percent for all TVET graduates. Thus, the low employment rates of TVET scholars are really a general problem for TVET graduates. It is not confined to TVET scholars. In fact, the scholars have significantly higher employment rates compared with nonscholars. Considering that the scholarship coverage rate is quite low, the employment-raising effect of scholarship is not sufficient to raise general employment rates of TVET graduates. Considering that providing scholarships is not cheap and, consequently, limited public resources will prevent it from expanding that much, it may be unfair to put as an objective for scholarship programs the need to raise the employability of all TVET graduates. Scholarships can contribute as demonstrated by PESFA but not much. Raising employability of all TVET graduates is way beyond the capabilities of scholarship programs.

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

Equity in access is a well-accepted public objective. It is toward this objective that scholarship[16] programs should be directed. Scholarships for expanding access of the poor but able have always been considered more efficient than maintaining schools. The PESFA program is designed to address this objective. The TWSP experience has also demonstrated that it did not make progress in improving employability by targeting the so-called hard-to-fill jobs.

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

[16] Given the objective, this should perhaps be more appropriately called grants-in-aid. Scholarship usually refers to reward for academic excellence.

Monitoring and evaluation

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

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

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

Selection of skills

Current selection of skills is determined by priorities identified in the Medium-Term Philippine Development Plan (MTPDP) and the NTESDP. The allocation across regions, however, is dependent on the number of schools with registered training programs on a particular skill. This method makes it supply driven rather than demand driven. Leaving the final determination of skills funded to the training capability of the TVIs will most likely result in oversupply of easy-to-supply skills which may not necessarily match the demand.

The experience of TWSP is revealing. The TWSP was designed to address the frictional unemployment problem. From the foregoing analysis, it was clear that it did not appear to have achieved this objective. For one, the employment rate of its scholars was lower compared with other

scholars, denying its supposed greater market orientation compared with the other scholarships. The only thing it was able to achieve was the shorter duration of job search. It was not able to affect the employment rate, the usefulness rate, and quality of employment.

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

Enhancing the role of private employers

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

One is the greater role of the private sector in the allocation of TVET resources. This has been tried in the arrangement of the Business Processing Association of the Philippines (BPAP) with TESDA that allows BPAP to allocate the scholarship vouchers with a higher employment rate requirement for the BPAP in-house trained (80%), compared with 50 percent for the third-party trained[17]. Unfortunately, there has been no external evaluation of this scheme that could have informed policy discussion in this area.

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

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

An apparently relatively untested[18] mode is to ask prospective employers to advance the training cost and recoup the cost via salary deduction from prospective employees. This may mean that employers will be directly involved in the selection of trainees as well as the selection of training institutions. This has the form of outsourcing the training of its prospective employees. It should be noted that this is common practice, in spite of the prohibition on placement fees, in overseas employment where placement fees are paid for via salary deduction.

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

Regulation of TVET

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

[18] During the FGD with the TVIs, one participant mentioned that they have experimented on this with their trainee-employees. It was revealed that the program did not sit well with existing employees and might have better prospects among the unemployed.

Selection of scholars

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

Multiple availment

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

Should we have several TVET scholarship programs?

There is no justification for several scholarship programs if there is only one justifiable objective—expanding access to TVET for the poor but able. TWSP was introduced with a different objective—address structural unemployment. But it is clear from the foregoing that it has failed to produce better results in terms of employment, except perhaps for reducing the duration of job search. It has failed to improve the employment rate and neither was it able to improve the usefulness of training on the job performed and the quality of employment, unlike in the PESFA. Thus,

there must be a serious rethinking of whether or not to continue a scholarship program with this objective. The already stretched-out administrative capacity of the TESDA should also militate against running several scholarship programs.

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Annexes

Annex A. The TESDA Administrative Reporting System[19]

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

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

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

Annex B. Impact evaluation studies

Impact evaluation studies[20] are one of the regular studies done by the TESDA. The latest one, the 2008 IES, was the fourth carried out since 2000. The objective of the IES is to provide a comprehensive analysis of the TVET programs. The 2008 IES, for instance, has the following specific objectives:

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

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

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

[20] More appropriately called tracer studies.

Annex C. Focus group discussion guide questions

I. Skills Selection

1. The selection of sectors and skills to fund is based on priority-specific sectors/skills for TWSP and priority from the MTPDP for PESFA. Priorities are area-based. Can you describe the process of skills selection in your region? Was there any specific deviation from the national guidelines? What was reason for the deviation?
2. How often are these priorities changed/re-assessed? When was the last change/reassessment done? Describe how the reassessment was done?
3. If the sectors and skills being funded are based on priority, what could be the factors contributing to the relatively low employment rate of 18 percent (2009 TWSP Physical and Financial Performance Report) among graduates?
4. What are your recommendations on skills selection to improve the employability of the student-scholars?

II. Training Institution Selection

1. How are the TVIs selected? Did TESDA recruit them or the TVIs approached TESDA?
2. Describe the main features of the Unified TVET Program Registration and Accreditation Systems (UTPRAS).
3. Did your office participate in curriculum development? Please describe your participation in curriculum development.
4. How are the performance indicators for TVIs monitored (e.g., at least 60% employment within one year; 75% passing rate in certification)? What are the sanctions for failing to meet the minimum, and how are these sanctions enforced? Were there problems in enforcement?
5. What are your recommendations for better selection of TVIs?

III. Scholar's Selection and Benefits

1. Who are eligible to become a TWSP/PESFA scholar? How is the screening monitored?
2. Are you satisfied with the way TVIs recruit student-scholars?
3. Did your office participate in benefit level determination? Describe your participation in benefit level determination.

4. What's your assessment of the level of benefits (e.g., training cost, training support fund, tool kit cost)? Are these sufficient to encourage participation?
5. What are your recommendations for better selection of student-scholars?

IV. Operational Issues

1. What are the key constraints at each stage (programming, training, monitoring and evaluation) in implementing the program?
2. In TWSP, allocation of the regional share between sectors/skills is left to you. Please describe how you decide on the allocation.
3. Describe the computation and reporting of employment and dropout rates.
4. Given that mandatory assessment is no longer required for payment of TVIs, how do you enforce the rule on certification rate?
5. What are your key recommendations to improve the efficiency of program implementation?

V. Scholarship for the TVET Sector (OPTIONAL)

1. What's your position of the role of scholarship in the TVET sector?
2. How much of the following statements had been achieved:

   i. "The scholarship grants will serve as the carrot that would direct prospective jobseekers towards in-demand occupations"
   ii. "Increasing enrollment in the TVET institutions would help improve the capability of the TVET institutions to provide quality training"
   iii. "Support services in the form of trainers' capability building and curriculum development will likewise improve their service delivery"

Annex D – Comments/observations on the report from TESDA

TECHNICAL EDUCATION AND SKILLS
DEVELOPMENT AUTHORITY

26 July, 2011

HON. FLORENCIO B. ABAD
Secretary
Department of Budget and Management
Malacanang, Manila

ATTENTION: LAURA B. PASCUA
Undersecretary

Dear Secretary Abad:

Greetings from TESDA!

May we respectfully submit our comments/observations in reference to the study on TESDA Scholarship Programs conducted by the Philippine Institute for Development Studies (PIDS) as commissioned by your Office for your consideration.

General Comments:

- A good number of the findings are valid and have been recognized by TESDA specifically on:
    1. Better performance in terms of internal efficiency as measured by the graduation rates which were registered at 98.5% for 2009 TWSP scholars and 99.1% for PESFA.
    2. Low percentage of graduates who took the competency assessment. Based on the IES 2008, only 51.3% of the PESFA scholars took the assessment and 50.3% for TWSP.
    3. Low employment rates of TVET graduates and TVET scholars due to the absence of an effective tracking system. Based on administrative data, the PIDS study indicated the employment rates for TWSP at 27% in 2006–2007, 31.2% in 2008, and 18% in 2009. The 2008 IES employment rates for PESFA and TWSP

are 56% and 45%, respectively. Given that the 2008 IES is a national statistic referenced to an NSCB-approved research, it is recommended that the IES figures be used in the PIDS study, or at least be likewise noted with appropriate referencing.

- While these findings are valid, it is also important to indicate the policy changes and other concerns that occurred during the implementation of the scholarship programs which contributed to the results. Some of these include:
    1. Change in the age requirement of scholars from 18 to 15 years old. Graduates below 18 years old are not employable. The legal age to be employed is 18 years old. In the rapid assessment in the sectoral TVET cluster rapid assessment of the profile of the 2009 graduates, it showed that 11.58% were aged below 18 and therefore not employable in the enterprises.
    2. The entry level educational requirement of scholars also included non-high school graduates. In general, most employers hire high school graduates.
    3. In the desire to rapidly increase the absorptive capacity and increase TWSP fund utilization, the qualifications covered in the TWSP were expanded and were not limited to hard-fill and in-demand skills.
    4. Soft qualifications such as barista, massage therapy, beauty care/hair cutting, among others, crowded the scholarship outputs. These qualifications had very limited available jobs.
    5. Other policy changes included the lifting of the single availment policy and competency assessment as a requirement for the payment of scholarship.
    6. The employment facilitation or referral system for the scholars which was the responsibility of TVIs was not monitored.
    7. Admittedly, the TWSP, especially in 2009 created a supply of trained scholars for which not enough jobs are available, especially in the light of the global economic crisis at that time.

Comments on External Efficiency/employment rates of scholar-graduates:

- We have noted the use of the results of the 2008 IES in the PIDS study. While this study had provided indications on the comparative performance of graduates of PESFA and TWSP, only 12.2% of the

sample in the 2008 were beneficiaries of these scholarship programs (3.2% - PESFA and 9.0% -TWSP).

- The 2011 IES which covers the 2009 TWSP is expected to be completed in August 2011. This will provide more comprehensive findings. The TWSP graduates account for 65% of the total sample in the 2011 IES. The limitations cited by the PIDS study in the employment monitoring are addressed by this NSCB-approved survey.
- While the employment rate is set as a measure of external efficiency, the study should consider that the ultimate decision for hiring rests only on the employer. The hiring practices and other qualification requirements of the companies influence the final outcome of the employability of the graduates. Technical competence is not the sole factor in the hiring decision.
- Further, the employment of TVET graduates, whether scholars or non-scholars is largely hinged on the availability of jobs, which is a product of several factors such as policies and investments.
- It has to be emphasized also that employment has two paths: wage employment and self-employment or entrepreneurship/livelihood. Employment monitoring especially of the TWSP, is mainly focused on wage employment.
- The determination of employment rates should also look into other aspects such as TVET graduates who continued studying and those who did not actively look for work. These graduates are not part of the labor force and this number should be deducted from the base in computing for the employment rate.
- Despite the findings, there is still a need for continuing investments in TVET scholarships, especially for inclusive growth and for equity and access.
- The IES 2011 shall be extended/expanded to study the varying degrees of employability viz the qualifications selected by the scholars

Comments on Certification Rates:

- Certification rate is one of the performance measures of the TWSP. In the PIDS study, it is included as a measure of internal efficiency.
- The study pointed to the low percentage of takers for PESFA and TWSP and overall TVET graduates. The 2008 IES also showed the same results as follows:

	PESFA	TWSP	Total TVET Graduates
% of Assessment Takers Versus Total Graduates	51.3	50.1	47.5
Certification Rate	77.9	80.5	84.5
Not Indicated	1.0	1.5	

- The low percentage of takers of competency assessment is a concern given the policy at the time that scholars of qualifications covered with Training Regulations (TRs) are to be mandatorily assessed. Assessment was also one of the requirements for payment. However, in the later part of 2009, this mandatory assessment was not made a requirement for payment. Thus, the widespread non-compliance.
- There is need for PIDS to review the computation of passing or certification rate for PESFA and TWSP scholars by using the 2008 IES. In the PIDS report, the passing rates are 38% for PESFA and 40% for TWSP which are way lower than the 2008 IES certification rates of 77.9% and 80.5% for PESFA and TWSP, respectively. It must be clarified with PIDS that the passing or certification rate is computed based on the number of passers against the total number of takers not the total graduates, which Table 7 in their study indicates.

Thank you for your continued support to technical vocational education and training.

Very truly yours,

Original Signed
SEC. EMMANUEL JOEL J. VILLANUEVA
Director General

An Assessment of TESDA Scholarship Programs
Postscript

The DBM-PIDS study on the assessment of TESDA Scholarship Programs in line with the ZBB approach provided useful findings and recommendations toward improving the implementation and outcomes of the scholarship programs.

While most of the findings are generally valid, it must be emphasized, however, that these results and conclusions are drawn based on the limited, and in some cases, incomplete data sets and information available during the study period. The authors of the study have duly acknowledged the data and information constraints. It is in this light that the utilization of the results of the study has to be cross-referenced with more up-to-date statistics and studies/researches that have been made available recently, as well as the measures introduced to improve the management and implementation of the scholarship programs.

One important consideration is the 2011 IES of TVET programs which was completed in October 2011. This study showed different findings on the comparative analysis of the TWSP and PESFA scholarship programs as against the 2008 IES which was used in the DBM-PIDS study.

Based on the 2011 IES results, 61.5 percent of the TWSP scholar-graduates in the labor force are employed at the time of the survey. This is higher than the employment rate of PESFA scholars which is registered at 52.4 percent and for the total TVET graduates employment rate of 60.9 percent. This indicates improvement in the employment rates (based on graduates in the labor force) of TWSP scholar-graduates compared to the results of 2008 IES, from 60.0 percent to 61.5 percent. For PESFA, however, there is a marked decline in employment rate from 64.8 percent in 2008 to 52.4 percent in 2011.

The same is true for assessment and certification which showed an increase in terms of percentage of takers as against total graduates for both PESFA and TWSP. From 51.3 percent for PESFA and 50.1 percent for TWSP in 2008, these increased in the 2011 IES to 68.9 and 70.3 percent, respectively. Higher certification rates were also registered for PESFA and TWSP from 77.9 percent and 80.5 percent in 2008, respectively, to 88.8 percent and 87.5 percent in 2011.

It is also important to highlight the measures introduced by TESDA recently as part of continual improvement of program management and implementation. These include the following:

- Prioritizing the industry and skills covered in the scholarship programs focusing on technical education and skills development programs that are supportive of the seven sectoral winners and key employment generators identified by DOLE, including the five area-based, sector-focused and employment generation identified by DBM (Agri-fisheries; BPO/Creative industries; Tourism; General infrastructure; and Electronics and semiconductor).
- Targeting beneficiaries and giving priority to the unemployed, including those from families qualifying for the CCT; of employable age (18); and setting the educational attainment based on industry requirements.
- Qualifying the participating TVET institutions based on their program offerings and compliance to the performance metrics of 55 percent employment rate and 84 percent certification rate.
- Institutionalizing functional career guidance and referral services in the TVET institutions to facilitate tracking of graduates.
- Enhancing the role of industry and private employers through partnership agreements, particularly in the following areas:
    - identifying critical skills requirements;
    - selection of training providers and scholars;
    - establishing and maintaining training development fund for their respective sectors; and
    - direct involvement in the monitoring of the program, including the employment of graduates.
- Strengthening of monitoring and reporting system with the introduction of the Unique Learner Identifier (TWSP-ULI), TWSP learner tracking forms, and TWSP graduate tracer survey forms, in addition to the regular administrative reports being submitted by the field offices.

As the study concluded, "the role of TVET in the overall economy is well recognized". This is particularly true in providing skills to the labor force that will enable them to become productive and employable. Thus, government support to improve relevance, access, and equity in TVET needs to be continued.

TESDA, as the authority in TVET in the country, remains committed in ensuring that the necessary measures for efficient and effective scholarship programs are implemented.