



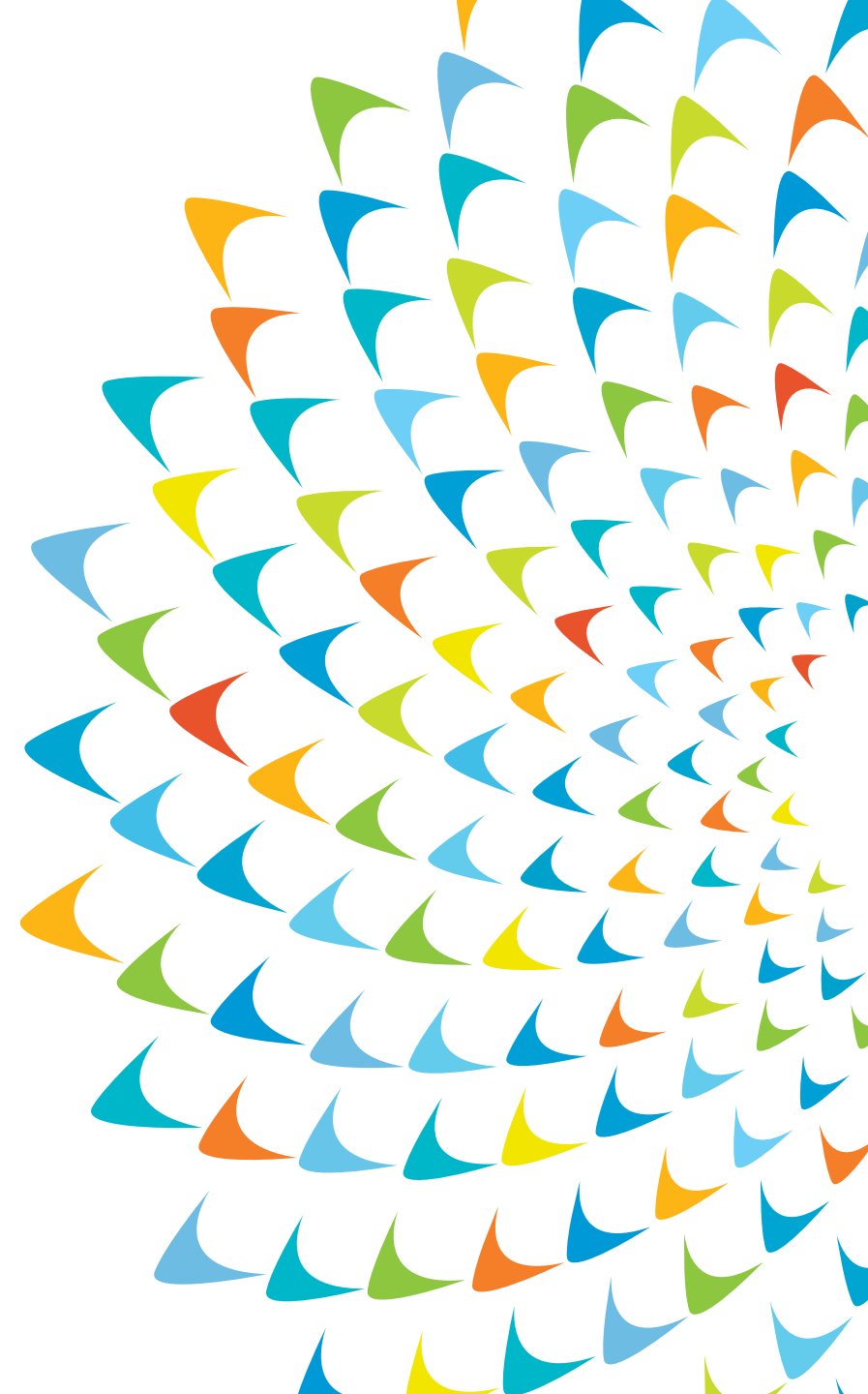
Impact of Scholarships on TVET and Labor Outcomes in the Philippines

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OUTLINE

1. Introduction
2. Program Objectives, Eligibility and Coverage
3. Evaluation Objectives, Hypotheses, Data and Methodology
4. Findings
5. Summary

INTRODUCTION

Why Evaluate?

- Impact evaluations are especially useful when there is “strong political and financial support”, “the project is innovative, is replicable, involves substantial resource allocation, and has well-defined interventions” (Baker 2000).
- TESDA has requested ADB’s technical assistance in the evaluation of TWSP, STEP and PESFA (Lapeña 2019) in terms of access, skill acquisition, responsiveness to industry needs, and employability.
- TESDA’s scholarship budget has been increasing
 - 56% of TESDA’s budget in 2018: 3/4 of MOOE budget (which in turn is 3/4 of TESDA’s budget)
 - TWSP and PESFA are the longest running scholarships accounting for 83 percent and 17 percent of TESDA’s scholarship budget between 2006 and 2013, respectively.
 - STEP accounted for 25% of TESDA’s scholarship budget in 2014-2017
- TWSP, STEP & PESFA provide some/all of the following: training fees, training allowance, starter toolkit, book allowance

Program Objectives, Eligibility and Coverage

Objectives	Indicators	Targets		
		TWSP	STEP	PESFA
Goal: Vibrant Quality TVET for Decent Work and Sustainable Inclusive Growth				
Outcomes: Global Competitiveness, Workforce Readiness, and Social Equity	Employment rate of TVET graduates increased	69.39 percent in 2022 from 66.25% in 2014		
	Certification Rate	87% in 2022 (NTESDP), 92% (Updated PDP)		
Outputs: Assure that industries with high economic and employment growth potentials are provided with the required quantity of quality workforce	Increase number of TVET graduates	11,984,994 TVET Graduates for 2018-2022 (89.9% of Enrolment) from 2,151,236 in 2016		
	Increased number of graduates from TVET scholarship programs	844,585 for 2018-2022 from 271,561 in 2016		25,200 for 2018-2022 from 18,462 in 2016
	Increased number of TVET enrollees	2,933,845 in 2022 from 2,269,665 in 2016		
Inputs: Strongly support identified priority sectors in terms of funding allotment	Funding for target scholars	P17,002,016,000 for 2018-2022 from P2.206 Billion in 2016	P3.036 Billion for 2018-2019 from P566 Million in 2016	P1 Billion for 2018-2022 from P200 Million in 2016

Objectives, Qualifications and Beneficiaries

	TWSP	STEP	PESFA
Eligible Qualifications	249 in priority industries / key employment generators, including TM I/ II, language programs	52 qualifications	218 Single, 4 pairs in priority industries / key employment generators
Priority Qualifications	NC III/IV		
Target Beneficiaries	Filipino Citizens		
	At least 18 years old at end of training program	At least 15 years old at start of training program	
		Not beneficiary of other government scholarship / subsidy	<ul style="list-style-type: none"> At least high school graduate Family income <= P300K per year.

Special Clients and TVI Selection

	TWSP	STEP	PESFA
Special clients:	Farmers, informal sector, migrant workers, IPs, Women, differently-abled, senior citizens, victims of calamities/disasters, OSY, urban poor		Marginalized but deserving students
TVI Eligibility:	Compliance to audit rules, No unsettled disallowances, No unlawful fees, and Assessment of qualification in the previous year		
TVI Selection Criteria:	Absorptive capacity, Utilization rate, and Employment rate		
Priority TVIs	TVIs with STAR-rated programs &/or APACC-accredited or ISO 9001:2000 certified		

Scholarship Coverage

	TWSP	STEP	PESFA
• Skills training fees	P1,500 - P50,000	P900 - P10,000	P2,500 - P50,000
• Assessment fees	P0 - P4,200	P200 - P1,580	P200 - P4,200
• Entrepreneurship training fee		P800	
• Starter toolkit		Ave: P7,427 (est.)	
• Training allowance		P60/day	P60/day
• Book allowance			P500/P2,000
• TOTAL	P1,500 - P50,500 Ave: P9,543	P2,600 - P14,600 Ave: 6,132	P5,100 - P85,200 Ave: P13,182

Evaluation Objectives, Hypotheses, Data and Methodology

Evaluation Objectives

Evaluate the impact of TWSP, STEP and PESFA on TVET and labor outcomes: Social equity (Access to Disadvantaged), Job readiness (completion, assessment, competency & certification), and Global competitiveness (employment and wages)

- Completion rates: Completed/Trainees
- Assessment rates: Assessed/Completed
- Competency rates (COC and NC): Passed/Assessed
- Certification rates (NC): NC/Assessed
- Employment rates: Employed/Labor Force
- Wages rate: monthly income relative to non-scholars

Hypotheses: Program Impact

- Coverage of training and assessment fees would raise completion and assessment rates for scholars compared to non-scholars
- Provision of training allowance would further raise completion rates for STEP and PESFA
- Coverage of entrepreneurship training fee and provision of Starter toolkit may further boost competency rates for STEP over TWSP and PESFA
- Provision of book allowance may raise national certification rate for PESFA

Hypotheses: Disadvantage and Ability

- TWSP and STEP scholars are disadvantaged in terms of sector
- TWSP and PESFA scholars are more advantaged in terms of industry/occupation
- PESFA scholars are disadvantaged in terms of income but advantaged/more able given education
- TWSP and PESFA scholars are more able
- TWSP scholars are more advantaged in terms of TVIs

Data

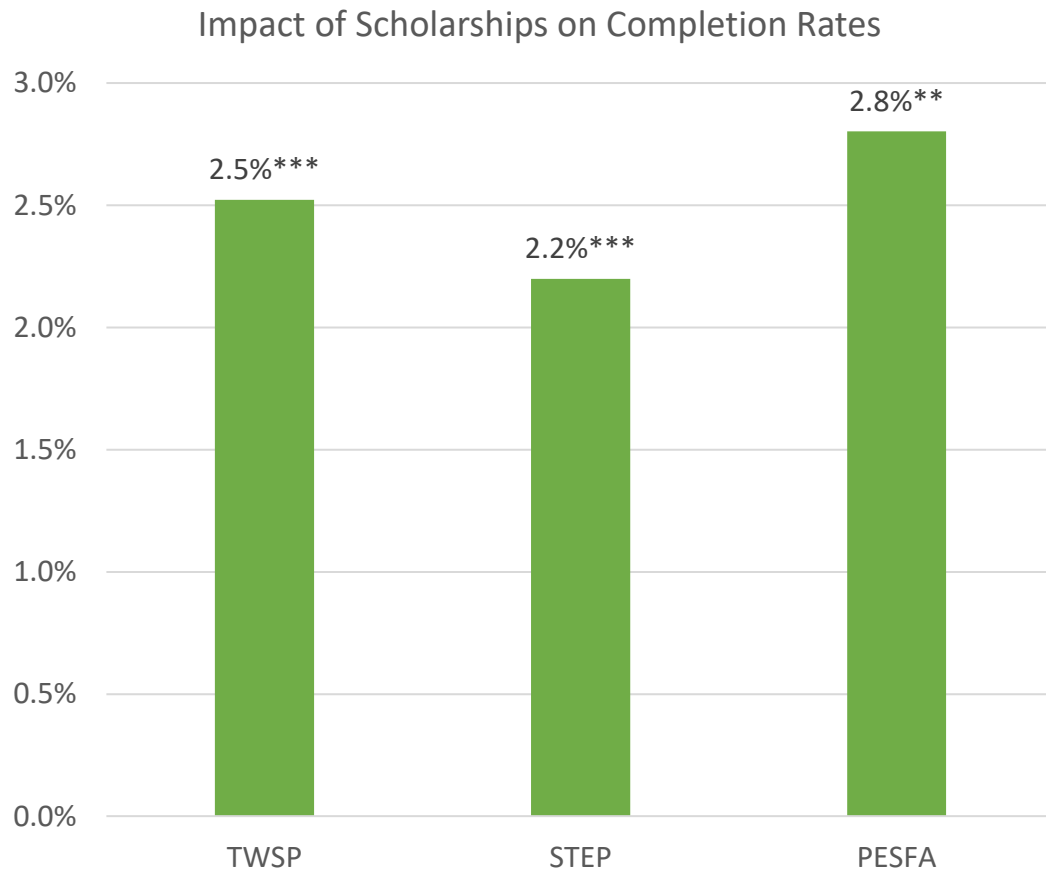
1. TESDA Training Management Information System (T2MIS)
 - 2018 Enrollment and Graduation Database: Completion
 - 2018-2019 Certification Database: Assessment, Competency, Certification
2. 2018 TWSP, STEP & PESFA Program Coverages
3. 2019 SETG
 - For Employment and Wage outcomes

Methodology

- Ordinary Least Squares – benchmark model
 - May capture omitted variable / unobserved selection bias
- **Propensity Score Matching**
 - **Corrects for selection bias based on observable characteristics: region, industry, sex, age, marital status and education**
 - **Use psmatch2 in Stata**
 - **Thus, if OLS-PSM < 0: Negative bias on observables - Disadvantage**
- Instrumental Variable Regression
 - Corrects for selection bias based on unobserved characteristics that vary with time: motivation, ability
 - Thus, if PSM-IV > 0: Positive bias on unobservables – greater Ability

FINDINGS

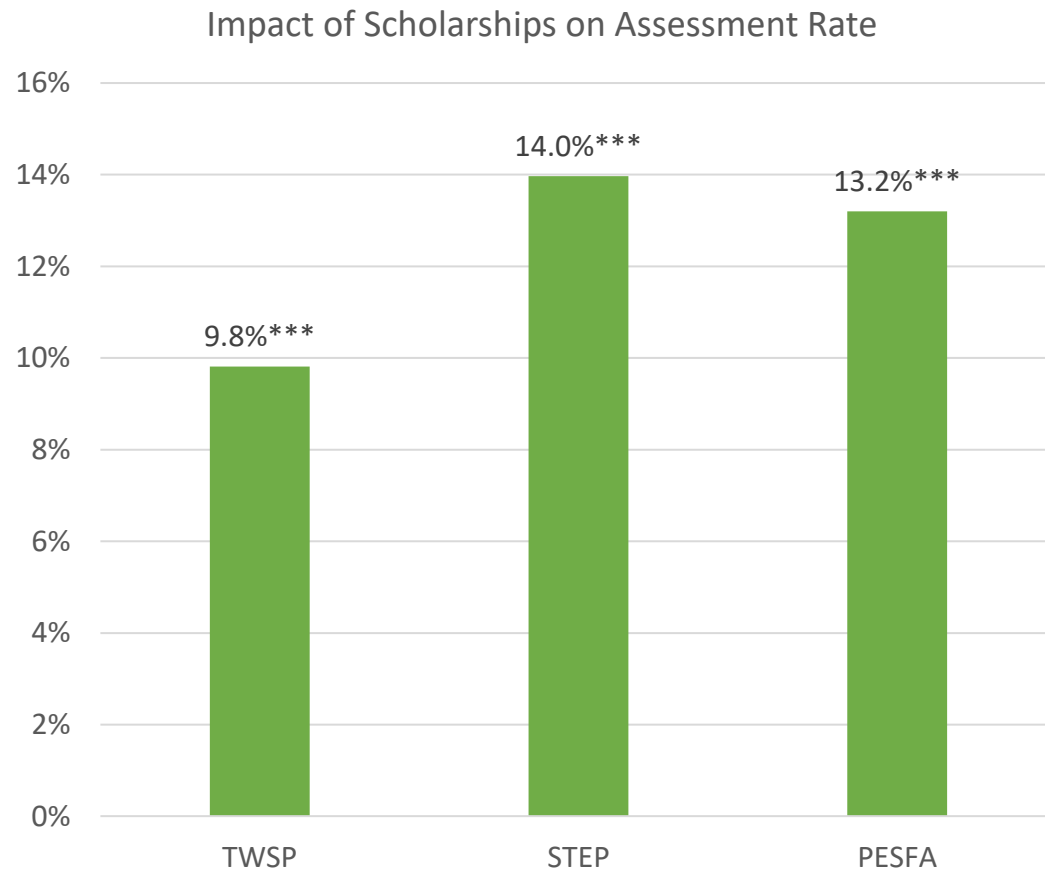
Completion rates: Modest positive effects



- Positive impact may be due to coverage of training fees, and provision of training allowance for STEP and PESFA
- But higher for TWSP than STEP despite no allowance
- Modest impact because completion rates are high even for non-scholars
- Coverage of training fees and provision of training allowance may not be worth it

+ p<0.1 * p<0.05 ** p<0.01 *** p<0.001

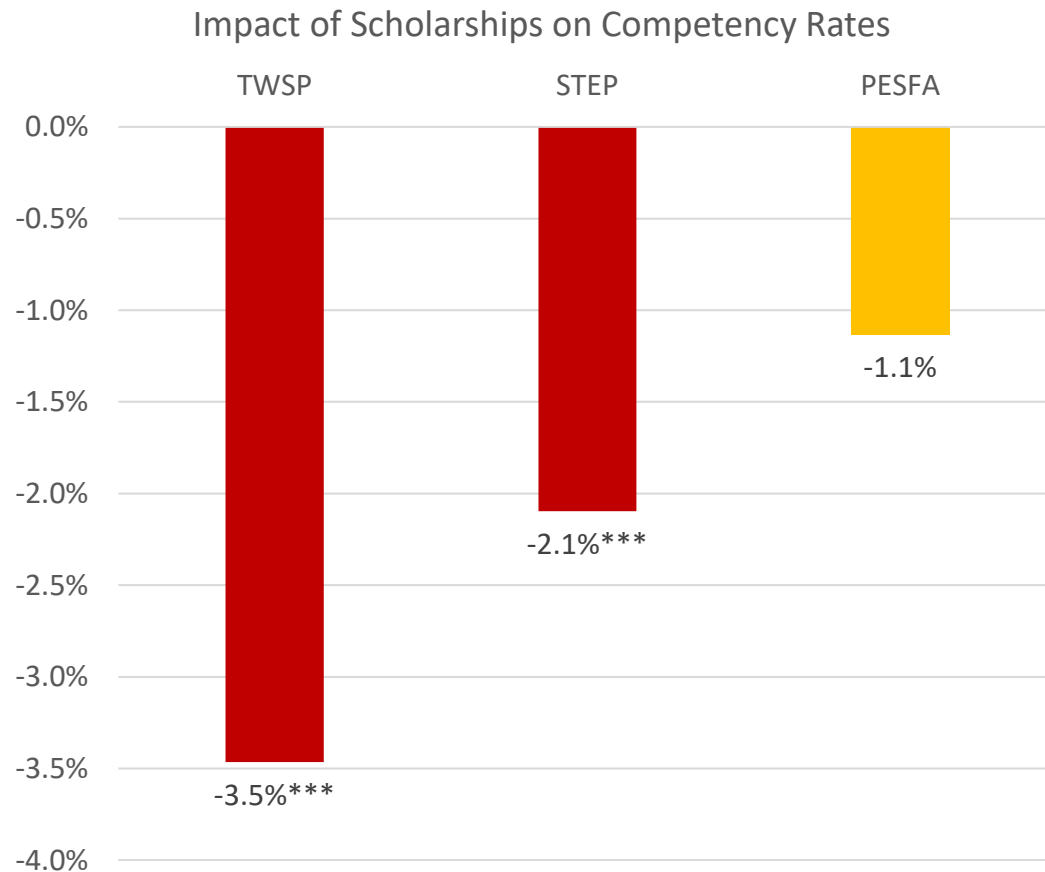
Assessment rates: substantial positive effects



- Mandatory assessment of qualifications with training regulation
- Coverage of assessment fees.
- Failure to undertake assessment may lead to forfeiture of scholarship.

+ p<0.1 * p<0.05 ** p<0.01 *** p<0.001

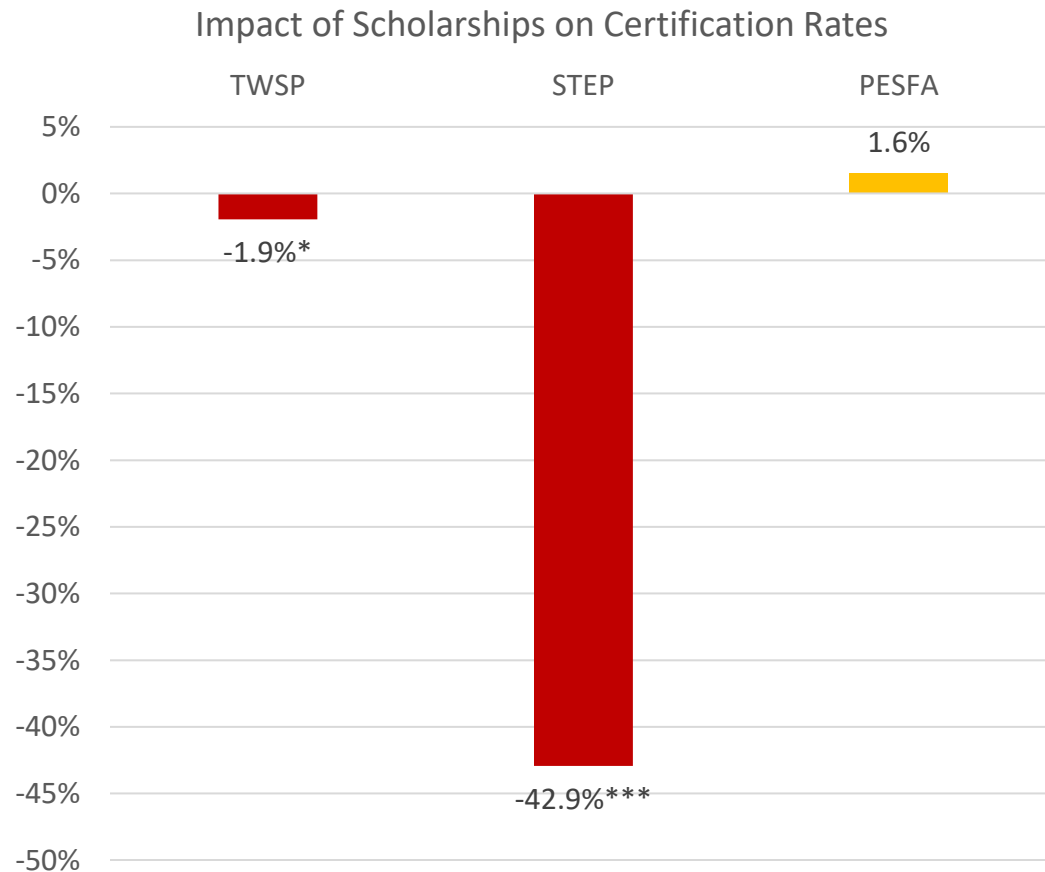
Competency rates: negative effects for TWSP and PESFA, not significant for STEP



- Absence of incentive for passing / sanctions for failure.
- Impact on STEP may be due to delay in procurement and distribution of toolkits
- Provide / transfer incentives toward acquisition of competency (COC & NC)

+ p<0.1 * p<0.05 ** p<0.01 *** p<0.001

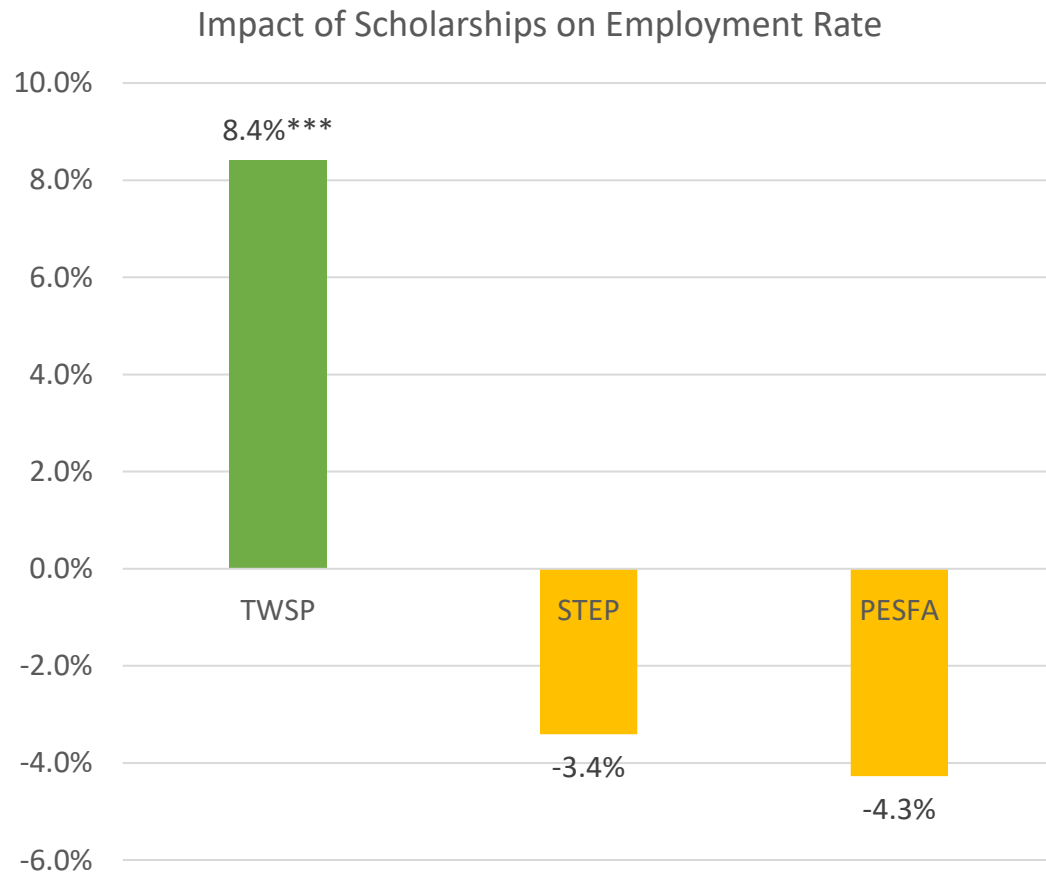
National certification rates: negative effects for TWSP and STEP, no effect for PESFA



- STEP is COC-oriented
- Book allowance for PESFA may be ineffective in raising certification rate.
- Absence of incentive for passing / sanctions for failure for TWSP and STEP.
- Provide / transfer incentives toward acquisition of certificate (NC)
- Certification not a requirement for employment

+ p<0.1 * p<0.05 ** p<0.01 *** p<0.001

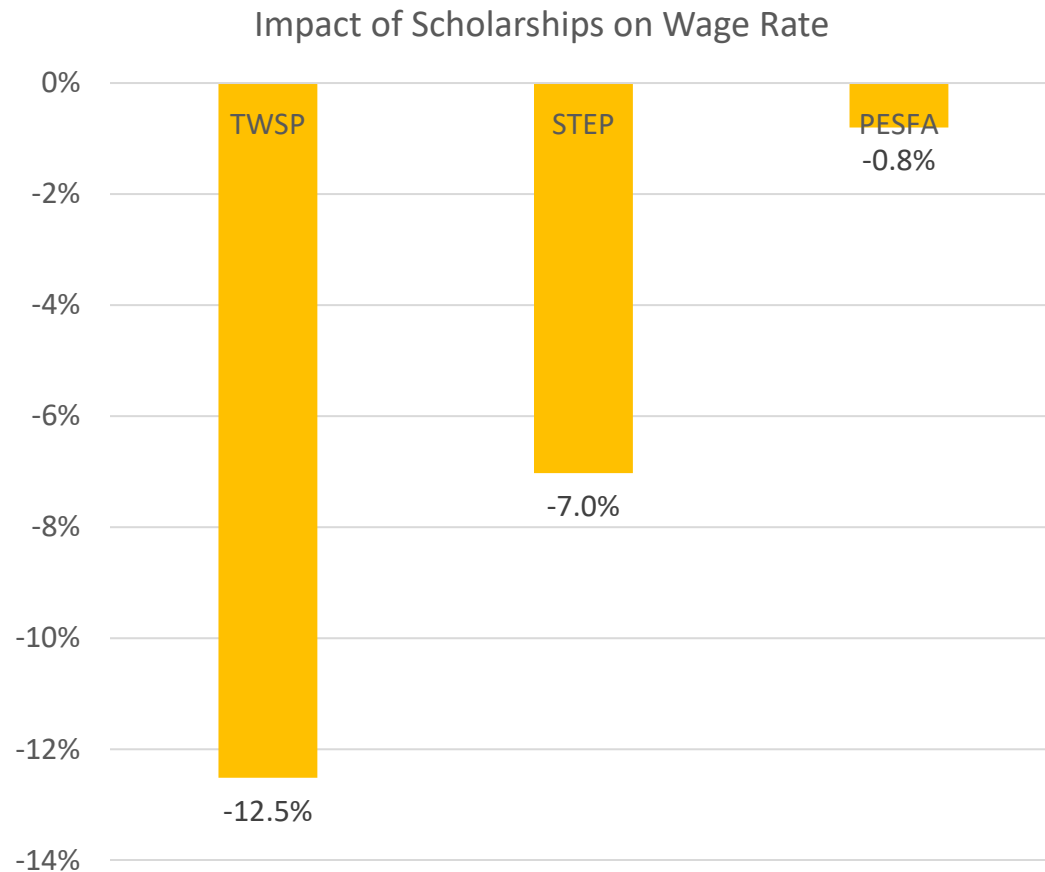
Employment Rates: positive effect for TWSP, no significant effects for STEP and PESFA



- No unique job placement mechanism for scholars

+ p<0.1 * p<0.05 ** p<0.01 *** p<0.001

Wage Rate: no significant effects



- Need for job placement support for high value employment

+ p<0.1 * p<0.05 ** p<0.01 *** p<0.001

Relative Advantage of Scholars in observed characteristics

	TWSP	STEP	PESFA
Completion	-	+	-
Assessment	+	-	+
Competency	-	=	-
Certification	-	+	-
Employment	+	=	=
Wage	=	=	+

Relative Ability of Scholars

	TWSP	STEP	PESFA
Completion	+	-	+
Competency	+	=	+
Certification	+	+	+
Employment	-	=	=
Wage	=	=	-

Summary

- The major TESDA scholarships have modest impacts on completion rates.
 - Positive impacts may be due to coverage of training fees and provision of training allowance
- The impacts on assessment rates are more substantial
 - Mandatory assessment and coverage of assessment fees are effective in promoting assessment
- Competency rates for TWSP and STEP scholars are lower than, and that for PESFA scholars not significantly from those of, non-scholars
 - Absence of incentive for acquisition of competency (COC & NC)
- Certification rates are lower for scholars
 - Absence of incentive for certification (NC)

Summary

- TWSP has a positive effect on employment rate; STEP and PESFA have no significant effects
- No significant effects on wage across scholarships
- No post-training support specific to the scholarships. Need for job placement mechanism for high-value employment unique to scholars.
- Scholarships largely satisfy social equity objective but needs much improvement in achieving job readiness and global competitiveness.

Summary

- TWSP scholars are generally more disadvantaged but are more able (except in terms of assessment and wage rates)
 - TWSP generally caters to disadvantaged but able students
 - Some disadvantage remains to be addressed to further completion
- STEP Scholars are more advantaged (in terms of completion and certification), but less able / not significantly more able (except in certification)
 - STEP Scholars are listed by politicians
 - Moral hazard among scholars who do not complete; consider further screening
- PESFA scholars more disadvantaged but more able
 - PESFA caters to “deserving underprivileged students” (GASTPE Act)

Thank you very much!