

REPORT

Evaluation of MCC's Investments in the National Training Fund in Namibia: Findings from Second Round of Qualitative Data

March 30, 2017

Kristen Velyvis
Arif Mamun
Anca Dumitrescu
Luke Heinkel
Ananya Khan

Submitted to:

Millennium Challenge Corporation
875 15th Street, NW
Washington, DC 20005
Project Officer: Algerlynn Gill
Contract Number: MCC-10-0114-CON-20 (MCC-13-TO-0001)

Submitted by:

Mathematica Policy Research
1100 1st Street, NE
12th Floor
Washington, DC 20002-4221
Telephone: (202) 484-9220
Facsimile: (202) 863-1763
Project Director: Arif Mamun
Reference Number: 40233.362

This page has been left blank for double-sided copying.

ACKNOWLEDGMENTS

We greatly appreciate the support of the many people whose efforts contributed to this report. First of all, we want to acknowledge the stakeholders who agreed to share information that made this report possible. We would also like to thank the monitoring and evaluation colleagues we worked with throughout the three year evaluation period for their input and support: Algerlynn Gill and Emily Travis of the Millennium Challenge Corporation (MCC), and Kandi Shejavali and Kofi Owusu-Tieku of the Millennium Challenge Account-Namibia (MCA-Namibia). We also appreciate the insights of Martin Wilkinson at MCA-Namibia, and Stevan Dobrilovic and Mao Tjiroze at the MCC Resident County Mission in Namibia.

Multidisciplinary Research Centre (MRC) at the University of Namibia was responsible for collecting the qualitative data. We especially thank Nelago Indongo for leading the data collection effort. We also thank Alfons Mosimane and Immaculate Mogotsi for their hard work and cooperation, and Cecilia Endunde, Angula Nahas Enkono, and Turkki Timoteus for excellent support with data collection.

Our colleagues at Mathematica also provided valuable support. We are grateful to Delia Welsh for carefully reviewing an early draft of the report. We also thank Kelly Kramer for editing the report, and Felita Buckner for her production support.

This page has been left blank for double-sided copying.

CONTENTS

LIST OF ACRONYMS.....	ix
EXECUTIVE SUMMARY	xi
I. INTRODUCTION.....	1
A. The NTF subactivity.....	2
B. Findings from the first round of qualitative research	5
C. The NTA and the current vocational training environment in Namibia.....	7
1. Organizational structure of the NTA.....	7
2. Current vocational training environment in Namibia	9
D. Objectives of the report	10
E. Organization of the report.....	11
II. RESEARCH QUESTIONS, DATA, AND ANALYTIC APPROACH	13
A. Research questions	13
B. Data	14
1. Data sources	14
2. Data collection and analysis	16
C. Limitations.....	16
III. FINDINGS	19
A. Operation of the NTF	19
1. Registration, compliance, and enforcement of the VET levy.....	19
2. Role of the ISCs	21
3. Role of public entities.....	22
4. Role of development partners, private sector, and civil society.....	23
5. Training quality.....	26
6. Employer perceptions about the NTF	28
7. Ministry officials, development partners, and civil society perceptions of the NTF	29
B. Systems and staffing	30
1. NTF organizational and management capacity	30
2. The LCDRS.....	31
3. Reporting system	32
C. Management of funds.....	33
1. The NTF levy's role in the overall vocational training landscape.....	33
2. Allocation of funds.....	34

3. Cost of administering the system.....	34
4. Procurement of training in key priority areas	34
5. Grants for employer-provided training	37
D. Measuring and responding to market demand for skills in priority areas.....	39
1. Measuring market demand	39
2. Responding to market demand.....	40
E. Employer-sponsored training.....	42
1. Grants to employers for their training costs	42
2. Profile of employers applying for grants for in-service training	44
F. Employer satisfaction with the NTF's role	44
1. Employer perceptions on the NTF creating a trained workforce	44
2. Employer perceptions on employee performance in key priority areas.....	44
G. RPL certification program.....	45
1. Implementation of RPL after the end of the pilot program.....	45
2. Perceptions of certificate holders.....	46
H. Perceptions of the NTF's sustainability	47
1. Financial sustainability	47
2. Organizational and management sustainability	48
IV. SUMMARY OF FINDINGS AND IMPLICATIONS	50
A. Summary of findings.....	50
B. Implications for policy and practice	51
REFERENCES.....	54

TABLES

ES.1	Research questions addressed in the second round of qualitative research	xiv
ES.2	Number of interviews	xv
II.1	Number of interviews	15

FIGURES

ES.1	Logic Model for the NTF Subactivity	xiii
I.2	Departments of the NTA	7
I.3	Structure of the NTA Board.....	8

This page has been left blank for double-sided copying.

LIST OF ACRONYMS

CBET	Competency-Based Education and Training
COSDEC	Community Skills and Development Center
COSDEF	Community Skills and Development Foundation
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GRN	Government of the Republic of Namibia
ISC	Industry Skills Committee
LCDRS	Levy Collection, Distribution, and Reporting System
MCA-N	Millennium Challenge Account Namibia
MCC	Millennium Challenge Corporation
MHETI	Ministry of Higher Education, Training and Innovation
MIS	Management Information System
MRC	Multidisciplinary Research Centre at the University of Namibia
N\$	Namibian Dollar (N\$1 = US\$0.07 as of June 28, 2016)
NAMCOL	Namibian College of Open Learning
NDP	National Development Plan
NIMT	Namibian Institute of Mining and Technology
NQA	Namibia Qualifications Authority
NSFAF	Namibia Student Financial Assistance Fund
NTA	Namibia Training Authority
NTF	National Training Fund
ProVET	Promotion of Vocational Education and Training
RPL	Recognition of Prior Learning
SACC	Standards Assessment and Certification Council
SME	Small and Medium Enterprise
UNESCO	United Nations Educational, Scientific and Cultural Organization
US\$	U.S. Dollar (US\$1 = N\$15.20 as of June 28, 2016)
VET	Vocational Education and Training
VTC	Vocational Training Centre
VTGF	Vocational Training Grant Fund

This page has been left blank for double-sided copying.

EXECUTIVE SUMMARY

The Millennium Challenge Corporation (MCC) provided technical assistance to establish a National Training Fund (NTF) in Namibia as part of its efforts to promote economic growth and reduce poverty in the country. MCC signed a \$304.5 million compact with the Government of the Republic of Namibia in 2009. The compact, which was formally completed in September 2014, included three projects: a tourism project, an agriculture project, and an education project. The vocational training activity was one of the key activities under the education project. It focused on expanding the availability, quality, and relevance of vocational education and skills training in Namibia. The NTF subactivity, the subject of this report, was one of the three subactivities that comprised the vocational training activity. The establishment of the NTF was intended to provide a sustainable source of funding for vocational training programs in Namibia through the imposition of a payroll levy on eligible employers.

Mathematica designed a mixed-methods evaluation to address the research questions for each of the three subactivities that the MCC and Millennium Challenge Account Namibia (MCA-N) developed (Mamun et al. 2014). We evaluated the NTF subactivity through a qualitative performance evaluation approach that sought to understand whether the NTF was established as planned, how the VET levy is operating in practice, and stakeholder perceptions of its future sustainability. In this final report for the NTF subactivity, we analyze and present findings from the second round of qualitative data related to the fund.

Mathematica collected data for this report in the fourth quarter of 2015—about one year after the compact formally ended. This report’s main objective is to inform the mixed-methods evaluation of the vocational training activity by addressing the key research questions related to the NTF and its prospects for long-term sustainability.

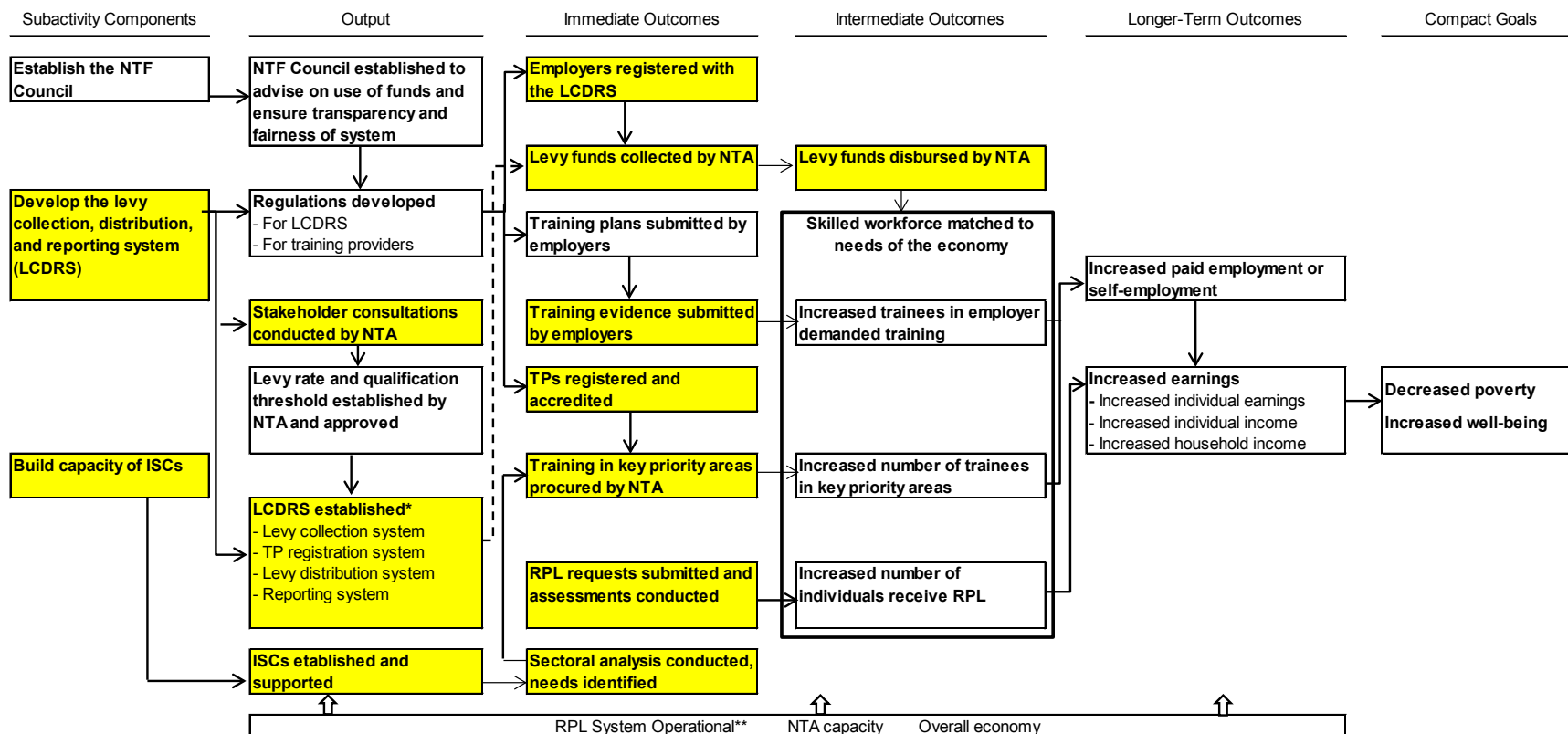
A. The NTF subactivity

The main objective of the NTF subactivity was to establish a fully operational national training fund, which would serve as a sustainable funding source for vocational training in high-priority skill areas in Namibia. The NTF was established by the Vocational Education and Training (VET) Act of 2008. The Namibia Training Authority (NTA) manages the NTF, which is funded through a payroll-based VET levy on eligible firms. The compact funded a technical adviser (GOPA Consultants) to support establishing the NTF and piloting the VET levy. Key components of the NTF subactivity included developing the regulations required for fully operationalizing the NTF, establishing the NTF council, and piloting and implementing all aspects of the VET levy.

The VET levy regulations require all Namibian employers with a payroll above a threshold of N\$1million (approximately US\$70,000) to register with the NTF and pay an annual payroll levy of 1 percent of their payroll. Implementation of the NTF subactivity initially focused on establishing the NTF framework and related regulations. Implementation of the full levy collection system began in April 2014, and full implementation of the disbursement system began in April 2015.

The logic model in Figure ES.1 illustrates the NTA subactivity outputs; immediate, intermediate, and longer-term outcomes; and compact goals. We have highlighted the outputs and outcomes this report will address.

Figure ES.1. Logic Model for the NTF Subactivity



Assumptions

- A.1 NTA receives employer database from Inland Revenue Services, integrates it with the NTA database and updates it regularly.
- A.2. Sufficient compliance in levy payment occurs once the LCDRS is in place.
- A.3. ISC identifies key priority areas using info from the national plans, market surveys and stakeholder input.
- A.4. RPL certificate is the same and valued in the same way as a traditional vocational training certificate.
- A.5. Individuals eligible for RPL, that is, have work experience but lack certifications, are aware of the RPL system.
- A.6. Training is of sufficient quality and may be improved to the extent lower-quality providers are screened out of the system.
- A.7. Registration and accreditation processes are fair, transparent, and effective.

Risks

- R1. Insufficient employer compliance and lack of levy enforcement.

* Procurement of training piloted under VTGF

**See VTGF model for details of RPL pilot and operationalization

NTA= National Training Authority, NTF = National Training Fund, RPL = recognition of prior learning, TP = training provider, ISCs = Industrial Skills Committees

B. Research questions

For the second round of qualitative research, we focused primarily on the research questions related to NTF operations in the post-compact period and on perceptions and expectations about the longer-term impacts of providing skilled labor for the economy. Specifically, the second round of qualitative research for the NTF subactivity sought to address the research questions in Table ES.1 below.

Table ES.1. Research questions addressed in the second round of qualitative research

Research questions
<p>1. How is the NTF levy collection and distribution system operating in practice, compared with the specifications outlined in the regulatory framework?</p> <ul style="list-style-type: none">a) What is the compliance rate?b) What enforcement mechanisms are in place?c) How does the NTF measure and respond to market demand for skills?d) What types of providers apply for training?e) How is levy funding allocated in practice across different disbursement streams and specific providers within each stream?f) How is levy funding allocated in practice across different sectors and employers of different sizes?g) Does the NTA assess the quality of training offered, and, if so, how? How do assessments or perceptions of quality affect the allocation of funding, if at all?h) What types of reports does the LCDRS generate, and what is the perceived utility of those reports?i) What are the costs of administering the system?j) What is the role of the private sector and civil society in the system?k) What are stakeholders' perceptions of the performance of the LCDRS, and how and why have these changed over time?l) What are the ongoing successes and challenges?
<p>2. What are stakeholders' perceptions of the sustainability of the NTF levy collection and distribution system?</p> <ul style="list-style-type: none">a) Is the system perceived to be financially sustainable?b) Is the system perceived to be sustainable in terms of organization and management?c) Are employers satisfied with the role of the NTF, with respect to in-service training and employees trained in key priority areas?

NTF = National Training Fund, NTA = Namibia Training Authority, LCDRS = Levy Collection, Distribution, and Reporting System.

C. Data collection and analysis approach

Our analysis drew on qualitative data collected from a variety of sources between October and December 2015 through in-depth interviews, site visits, and reviews of documents provided by stakeholders and collected from the media. Mathematica developed protocols for collecting the qualitative data and worked with a research team from the Multidisciplinary Research Centre at the University of Namibia (MRC) to conduct most of the interviews and site visits. In total, Mathematica and the MRC team completed 29 interviews, four of which were conducted during the pilot phase after interviewer training. The Mathematica evaluation team conducted three interviews in October to validate the protocols before the MRC data collection training began.

The data sources included in the second round of qualitative data collection are summarized in Table ES.2.

Table ES.2. Number of interviews

Data source	Number of interviews
Namibia Training Authority (NTA) staff	5
NTA board and National Training Fund (NTF) council members	4
Recognition of Prior Learning (RPL) certificate recipients	4
Employers	9
Industry skills committee (ISC) member	3
Other stakeholders ^a	4

^a Included staff from GIZ (a development partner); a Ministry of Higher Education, Training and Innovation (MHETI) official; and a leadership team member of the Namibia Qualifications Authority (NQA).

Using Atlas.ti, the MRC team coded data by employing codes that the Mathematica evaluation team developed. Mathematica staff analyzed the coded data by triangulating information from multiple sources. They also identified major themes to develop a set of findings, taking into account similarities and differences in perspectives from different respondent groups.

D. Summary of findings

Our analysis focused on the NTF's evolution during the year after the compact was completed, including the continuation of levy collection, establishment of the disbursement and reporting systems, staffing needed to operate the VET levy, the NTF's ability to measure and respond to the demand for skilled labor, quality assurance for training, evolution of the Recognition of Prior Learning (RPL) program, and perceptions about the NTF's sustainability. The key findings are as follows.

1. The NTF has been successful with employer registration and collecting levy payments.

The NTA anticipated that approximately 3,000 companies would be eligible for the levy, and approximately 2,500 have already registered with the NTF. NTA staff, board members, and MHETI staff regard registration as successful, especially for the short time the levy has been in existence. Registered employers interviewed for this evaluation universally held a positive view of the registration process, finding it straightforward and easy to complete. Most who needed technical assistance were satisfied with the help they received, and most employers did not find the tax onerous. The NTF collected approximately N\$266 million during the first fiscal year of levy collection (April 2014 through March 2015), exceeding an estimated target of N\$200 million. The second year of collections was also strong; the NTF collected about N\$284 million, again surpassing their estimated target, which was N\$282 million (calculated by applying the average inflation rate of 6 percent to the amount collected in the first year). NTA staff and other stakeholders herald the registration and levy collection results as major achievements.

2. Assessing compliance remains a challenge.

While the absolute number of employers registered and the amount of levy collected have approached or exceeded targets, real compliance is hard to gauge. Mandating the levy through legislation is an important incentive for employers' compliance. However, without a database of Namibian employers, it is difficult to enforce registration for all eligible employers and ensure accurate levy payment by registered employers. The NTA cannot determine for certain whether registration has been completed by all eligible employers, or whether payments received are accurate, nor can they confirm instances where employers report that their payroll falls below the threshold. The NTA expects compliance inspectors to fill this gap; at the time of data collection, NTA planned to appoint inspectors by early 2016. The compliance inspectors will travel to employers to check compliance, register eligible employers for the levy, and ensure that employers are meeting the levy requirements and submitting credible data. In addition, compliance inspectors will verify that training grants for employer-provided training are appropriate. The NTA also plans to address levy enforcement by working with the Ministry of Industrialization, Trade and SME Development and the Social Security Commission to build a database of eligible employers, as well as watch its own growing database for trends.

3. Procuring training in high-priority skill areas has been a barrier to the levy's success.

The relatively small number of qualified training providers within Namibia and their limited capacity pose large challenges for the NTF. Levy funds accumulate in the bank while high-priority skills trainings cannot be procured. According to NTA staff members, only 35 training providers in Namibia had been accredited by the Namibia Qualifications Authority (NQA) at the time of data collection, and most of them offer the same qualifications in fields that are now saturated. In addition, there are new and emerging qualifications in some fields—such as agriculture, a national priority—but there are no accredited training providers in the country for those fields. Training led by those from outside Namibia is a stopgap solution, but the high costs are not sustainable. Using levy funds to hire trainers from outside Namibia also does little to build the training capacity within Namibia.

4. The establishment of the accreditation and registration systems has been an achievement, but it is restricting growth in the training sector.

The accreditation and registration systems ensure the quality of training delivered by NTA-funded training providers. Accreditation requires the NQA to assess and certify training providers and their courses. Registration is a similar process and is conducted by the NTA's quality assurance department. The NTA reviews training providers' curriculum, their trainee assessments, and the environment of the training space. Interview respondents saw the establishment of these processes as a great step forward, and stakeholders expressed a great deal of confidence that these systems would ensure quality training. Employers and other stakeholders also believed that contributions to the levy would increase the quality of training. At the same time, some respondents found the accreditation and registration process to be lengthy, cumbersome, and duplicative. Stakeholders observed that these processes create a bottleneck in getting more Namibian training providers into the market, making it more difficult to resolve the insufficient supply.

5. Training grants for employer-provided training has been a challenge.

As stated in the VET levy regulations, up to 50 percent of the levy funds must be allocated for employer-sponsored training grants, to be disbursed to the employers who paid the levy. Employers are eager to see levy money flow back into industry to fund training; however, at the deadline for training grant applications for Year 1 (May 1, 2015), only 15 percent of levy payers had submitted applications for grants for training. The total value of the levy income from these employers amounted to N\$60 million, or 23 percent of the total levy income for the first year. Employers expressed concerns about the cumbersome nature of the application process, their lack of understanding of the process, and mismatch between in-service trainings provided and trainings eligible for grant payments. Applicants also experienced frustrating delays in the processing of their claims. At the time of data collection, no employer training grants had yet gone out, although the NTA had just approved the first batch. The NTF acknowledged that it failed to meet its internal goal of paying employers within a month of an employer's submitted request and is working to remove barriers to the smooth running of the grant system. Causes of the delay included delays in internal NTA IT system development, lack of established guidelines for application approvals, and lack of staff to process applications.

6. The levy collection, distribution, and reporting system (LCDRS) is operational and serves many purposes, but the system is still not running optimally.

The LCDRS is a management information system (MIS) that supports all of the NTF's data needs, including employer registration, compliance, grant payments back to employers for training they conducted, training provider data, reconciliations, claims, evaluation of those claims, training accreditation from the NQA, and so on. The lack of integration and tardy operationalization of the full IT system has hampered the administration of the LCDRS. This has resulted in an inability to integrate information from one internal NTA department to another, and even from one VET levy component to another. This, in turn, has led to manual processes for some tasks.

7. Stakeholders underscored the need for greater transparency and communication with the NTA.

There were very few critiques of the NTF's work, but one focused on transparency and communication with stakeholders. In particular, staff from the NTA board and MHETI mentioned that it is difficult for people outside the system to see what is happening inside, and awareness of the levy system is lacking. A ministry official we spoke with mentioned that the NTA can do more to keep the government and other stakeholders informed so that they can engage and respond to the NTA. Communication between the ISCs and the NTA could also be improved. In addition, employers commonly mentioned communication as an area for growth; they focused on information they would like to receive from the NTA, as well as input and feedback they wish to share. Employers requested more NTF informational sessions to explain the role and benefits of the levy system. Several employers also mentioned the desire to be more involved in decision-making processes regarding the levy and to be able to give feedback more easily; they suggested that the NTA seek more information from industry regarding skill needs and changing trends in order to make the levy program successful. Employers had a strong desire to ensure that their input and perceptions were sought and heard.

8. Most stakeholders are optimistic about the NTF's sustainability but reserved their final judgement about whether the promised benefits would accrue.

A vast majority of the respondents felt that the NTF was financially sustainable. However, they noted their uncertainty about whether the Namibian vocational training sector will be able to absorb the funding and use it effectively to create a more skilled workforce. Some potential financial concerns included the continued compliance with levy regulations among employers, and the level of the government's continued support of the NTA, given recent budget cuts. Stakeholders also overwhelmingly viewed the long-term management of the NTF as sustainable, despite a strike by NTA staff members in late 2015. However, several respondents inside and outside the NTA stated that to ensure long-term sustainable management, the NTA needed to work to retain and increase the number of staff. Overall, most stakeholders thought it was too soon to tell whether the promise of a more skilled workforce would result from the NTF, but they remained cautiously optimistic.

I. INTRODUCTION

The Millennium Challenge Corporation (MCC) provided technical assistance to establish a National Training Fund (NTF) in Namibia as part of its efforts to promote economic growth and reduce poverty in the country. The MCC signed a \$304.5 million compact with the Government of the Republic of Namibia in 2009. The compact, which was formally completed in September 2014, included three projects: a tourism project, an agriculture project, and an education project. The education project, with a total investment of about \$142 million, was the largest project (MCA-N 2014a). It sought to address Namibia’s shortage of skilled workers and limitations in the education system’s capacity to create a skilled workforce, which have been cited as some of the most serious constraints to the country’s economic diversification and achievement of broad-based economic growth (AfDB et al. 2015; U.S. Agency for International Development 2003; World Bank 2013). The vocational training activity was one of the project’s key activities. This \$28 million activity focused on expanding the availability, quality, and relevance of vocational education and skills training in Namibia.

The NTF subactivity was one of the three subactivities that comprised the vocational training activity. The establishment of the NTF was intended to provide a sustainable funding source for vocational training programs in Namibia. The other two subactivities under the vocational training activity were competitive grants for high-priority vocational skills programs offered by public and private training providers through the Vocational Training Grant Fund (VTGF) and improvement of Namibia’s network of Community Skills and Development Centers (COSDECs). COSDECs provide vocational training that targets marginalized populations—primarily out-of-school youth but also low-skilled adults.¹

Mathematica designed a mixed-methods evaluation to address the research questions for each of the three subactivities that MCC and the Millennium Challenge Account Namibia (MCA-N) developed (Mamun et al. 2014). We are evaluating the NTF subactivity through a qualitative performance evaluation approach that seeks to understand whether the NTF was established as planned, how the VET levy is operating in practice, and stakeholder perceptions of its future sustainability. In this final report, we analyze the second round of qualitative data related to the NTF subactivity.

This report presents findings from the second round of qualitative research for the evaluation of the NTF subactivity.² Data for this report were collected in the fourth quarter of 2015—about one year after the compact was formally completed. To provide context for the report, in the remainder of this chapter we describe the NTF subactivity, the findings from the first round of qualitative research, the organizational structure of the NTA and Namibia’s current vocational

¹ Mamun et al. (2014) describe all three subactivities and their program logic in greater detail in the evaluation design report.

² Mathematica will produce final reports on the VTGF and COSDEC subactivities separately. We will create a comprehensive final report on the VTGF subactivity, presenting findings from an impact analysis along with a synthesis of findings from the first round of qualitative research. We will also write a report on the COSDEC subactivity to present findings from an outcomes analysis and the analysis of qualitative data.

training environment. We then summarize the objectives of this report and present a roadmap for the remainder of the report.

A. The NTF subactivity

The NTF subactivity was intended to establish a fully operational national training fund, which will serve as a sustainable source of funding for vocational training in Namibia's high-priority skill areas. The NTF was established by the Vocational Education and Training (VET) Act of 2008 as a department of the Namibia Training Authority (NTA) to deal with all matters relating to the national training fund, especially levy collection and disbursement, and including the registration of employers for levy payment and grant purposes. These tasks and others are conducted by the NTF's three subdivisions: (a) Levy Collection, (b) Fund Administration and Disbursement, and (c) Training Advisory Services. The NTA manages the NTF, which is being funded through a payroll-based VET levy³ on eligible firms. The compact funded a technical adviser (GOPA Consultants) to support establishing the NTF, piloting and fully implementing the VET levy. Key components of the NTF subactivity included developing the regulations required for fully operationalizing the NTF, establishing the NTF council, piloting, and fully implementing all aspects of the VET levy.

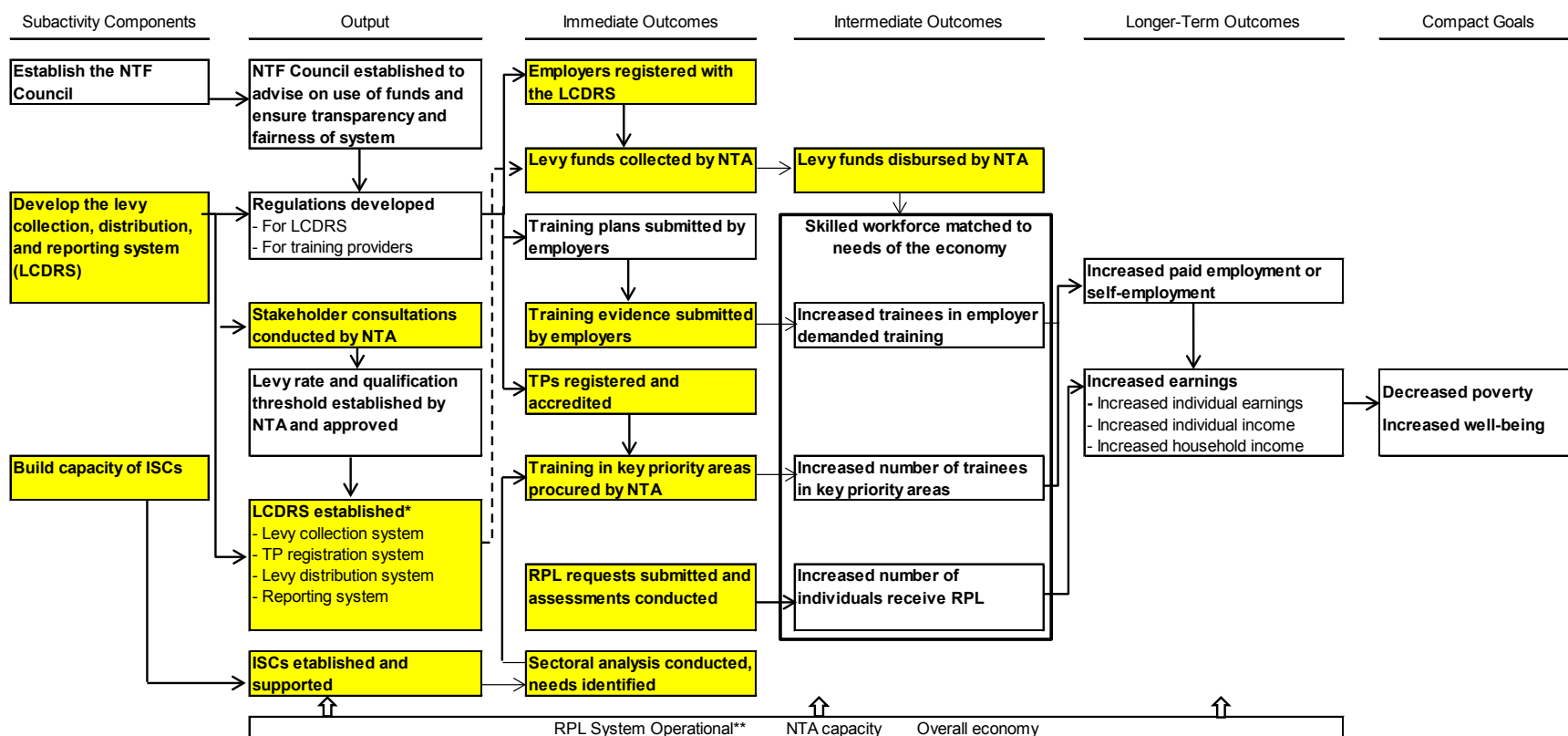
The VET levy Regulations and Notice requires all employers in Namibia with an annual payroll above a threshold of N\$1million to register with the NTF and pay levy of 1 percent of their payroll each month. The levy rate and qualification threshold were determined after consultation with partners from industry and were formally approved by the government during the compact period. Legislation gazetted in January 2014 mandated the payroll levy to operationalize the NTF. All eligible employers were required to register with the NTA on or before February 27, 2014 and levy collection began in April 1, 2014. The government determined that the funds raised through the VET levy would be disbursed as (1) competitive grants for training providers and Recognition of Prior Learning (RPL) programs in key priority areas, as determined primarily by the industrial skills committees (ISCs), which were piloted partly under the VTGF subactivity, and (2) grants to levy-payers for employer-sponsored training conducted, which requires employers to submit evidence of training (also piloted under the VTGF). A third portion of the money collected from the levy is allocated for the NTA administration of the VET levy. Implementation initially focused on establishing the NTF framework and related regulations, and piloting the training procurement system through the VTGF. Implementation of the full levy collection system began in April 2014, and full implementation of the disbursement system began in April 2015.

As the logic model in Figure I.1 illustrates, the direct outputs of the NTF subactivity include establishment of the NTF council, development of regulations, piloting, and implementing all aspects of the LCDRS framework and the system itself. In addition, capacity-building support is provided to the ISCs, which have a critical role in identifying key priority areas for funding under the LCDRS. Together, these outputs are intended to result in a fully functioning LCDRS in the immediate term, in which employers are fully interacting with the system by registering,

³ The VET levy was referred to as the levy collection, distribution, and reporting system (LCDRS) in the evaluation design report (Mamun et al. 2014). We use "VET levy" throughout this report to avoid confusion with the IT systems related to the levy collection, disbursement, and reporting.

paying the levy, and applying for grants for training conducted; key priority areas are identified by ISCs and training in these areas is procured from registered and accredited providers; and RPL candidates are assessed and certified. In the intermediate term, funds are continually disbursed to employers (based on approved evidence of trainings) and training providers (based on meeting milestones specified in their service-level agreements), and more people will be trained through these mechanisms and receive RPL certificates. Combined, this will result in a skilled workforce well matched to the needs of the economy; in the long term, this will lead to improvements in employment, further training, and income, contributing to the attainment of the Compact's ultimate goals. The key contextual factors include participation and compliance of employers, the ability of ISCs to accurately identify key priority areas, and training being of sufficient quality. We have highlighted the outputs and outcomes this report will address in Figure I.1.

Figure I.1. Logic Model for the NTF Subactivity



Assumptions

- A.1 NTA receives employer database from Inland Revenue Services, integrates it with the NTA database and updates it regularly.
- A2. Sufficient compliance in levy payment occurs once the LCDRS is in place.
- A3. ISC identifies key priority areas using info from the national plans, market surveys and stakeholder input.
- A4. RPL certificate is the same and valued in the same way as a traditional vocational training certificate.
- A5. Individuals eligible for RPL, that is, have work experience but lack certifications, are aware of the RPL system.
- A6. Training is of sufficient quality and may be improved to the extent lower-quality providers are screened out of the system.
- A7. Registration and accreditation processes are fair, transparent, and effective.

Risks

- R1. Insufficient employer compliance and lack of levy enforcement.

* Procurement of training piloted under VTGF

**See VTGF model for details of RPL pilot and operationalization

NTA= National Training Authority, NTF = National Training Fund, RPL = recognition of prior learning, TP = training provider, ISCs = Industrial Skills Committees

B. Findings from the first round of qualitative research

The first round of qualitative research for the NTF performance evaluation focused on assessing the VET levy establishment, initial operations, and perceptions of sustainability (Mamun et al. 2015). Data collection began only seven months after the VET levy collection had started and six months before levy disbursement was scheduled to begin. Thus, it was difficult at that time to assess the NTF's initial operations and likely sustainability. The main research questions guiding the first round of research were:

- Was the establishment of the NTF implemented as planned?
- How is the NTF operating in practice, compared with the specifications outlined in the regulatory framework?
- What are the stakeholder perceptions of sustainability of the NTF?

To address these questions, we collected qualitative data in October and November 2014 from a variety of sources through in-depth interviews, observation, and reviews of documents provided by stakeholders. Mathematica developed the data-collection protocols, and a research team from the Multidisciplinary Research Centre at the University of Namibia (MRC) conducted the interviews and observation, with oversight from Mathematica. Interviews were conducted in Windhoek, the capital, and in other sites across Namibia. In total, the MRC team completed 24 interviews and one observation of an industrial skills committee (ISC) meeting. Data sources included NTA staff, implementers (including GOPA and TransTech), employers, ISC members, and other stakeholders, such as development partners (GIZ and USAID) and a MHETI official.

Our analysis of the NTF subactivity focused on the operationalization of the NTF; establishment of the levy collection, disbursement, and reporting IT system, Levy Collection, Distribution, and Reporting System (LCDRS); staffing needed to operate the VET levy; the initial operations of the VET levy; the NTF's ability to measure and respond to the demand for skilled labor; and perceptions about the NTF's sustainability. In the analysis, we triangulated information from multiple sources and identified major themes that emerged from the data. The five key findings from the first round of qualitative data collection are as follows.

1. Delays in passing the required legislation to mandate the levy posed a major challenge to implementation.

The NTA was formally established in 2008, but additional legislation was required to mandate the VET levy so that the NTF could be fully operationalized. The unanticipated delay in cabinet approval of this legislation set back the project by more than a year and meant that the NTA had limited experience in operating the system when MCC-funded support under the compact ended. The final legislation was gazetted in January 2014 and mandated a levy on employers with an annual payroll of N\$1 million or more at a rate of 1 percent of the payroll. Extensive consultations between the NTA and employers and employer representative bodies informed the eligibility cutoff and payment rate.

2. The NTA and GOPA worked effectively to mobilize the NTF council and pilot-test the VET levy.

GOPA consultants led the operationalization of the NTF, working closely with a small team from the NTA. The working relationship between GOPA and the NTA staff was strong, with a clear division of responsibilities. This enabled the two groups to work together effectively to mobilize the NTF Council, a body with broad stakeholder representation designed to advise the NTA on the NTF. Further, GOPA and the NTA successfully pilot-tested the VET levy with a small number of employers. This pilot provided useful insights about the functioning of the system before it was fully rolled out, such as best practices in managing training provider grants, the demand and usefulness of the RPL program, and the need for food and lodging support for trainees. It also enabled the testing of the IT system for employer registration and levy collection; the system was not as fully developed for levy distribution but still performed its basic functions adequately.

3. Early signs of registration and levy collection were encouraging, but effective enforcement of the levy was a possible concern.

The levy collection began on April 1, 2014, as planned, and about 2,200 employers had registered and paid the levy at the time of data collection. The NTA expected to meet their first annual target of about N\$200 million (approximately US\$15 million) for levy intake in the first year of levy collection. The mandating of the levy through legislation was an important incentive for employers' compliance. However, effective enforcement of registration by all eligible employers and accurate levy payment by registered employers were potential concerns because the NTA did not have an external list of eligible employers nor the payrolls of all employers in Namibia. The NTA planned to address levy enforcement by working with other agencies to build a database of eligible employers and by appointing compliance inspectors to verify declared payroll information.

4. A fully functioning levy distribution system had not yet been developed.

The distribution of levy funds is an important aspect of the levy system, but the NTF had not transitioned to a fully operational distribution system. As stated in the levy regulations, 50 percent of the levy funds would be allocated for employer-sponsored training grants to be paid to employers who paid the levy. However, at the time of data collection, the guidelines were still not clear on what kind of employer-provided training would be eligible for grant. In addition, the system for submitting the request, along with evidence that trainings were conducted, was not fully functioning. Therefore, although grants for employer-sponsored training were expected to begin in April 2015, some work still needed to be done to operationalize the system.

5. The NTF could face some barriers in using levy funds effectively.

There were a few potential barriers to effectively using resources available through the NTF at the time of data collection. These included difficulties in determining the key-priority skill areas in all of the industries, limited capacity of Namibian training providers to meet demand for training in high-priority areas, and continued staffing gaps at the NTA. Appropriately addressing these challenges would be important for facilitating productive use of levy funds, which could pave the way for continued support for the levy from key stakeholders—especially employers.

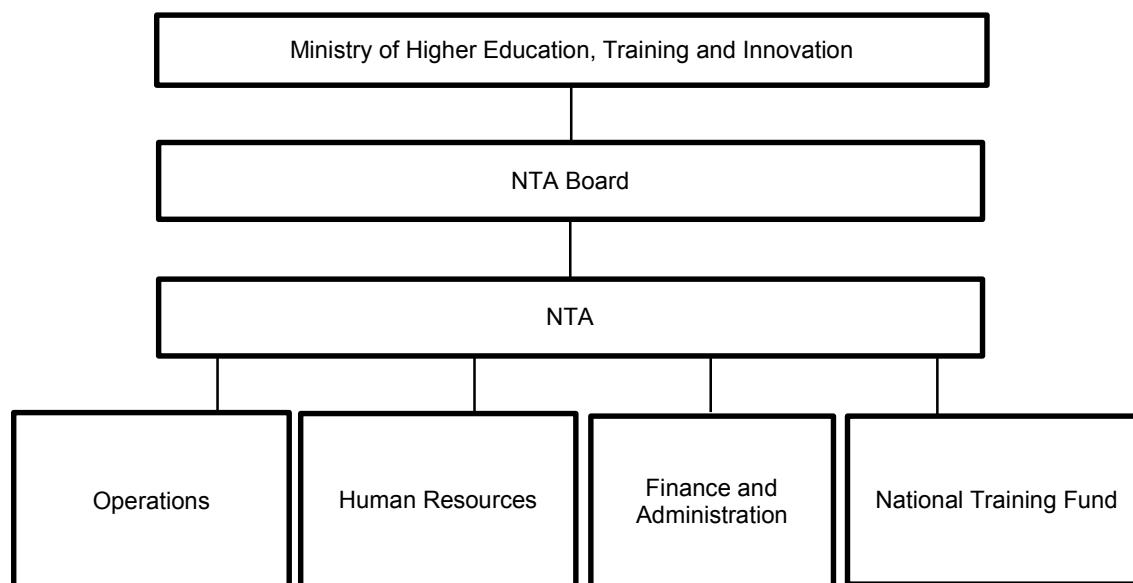
The second round of qualitative data collection, conducted in late 2015, would provide more information on the extent to which these barriers were being addressed.

C. The NTA and the current vocational training environment in Namibia

1. Organizational structure of the NTA

The role of the NTA is to regulate and facilitate the delivery of vocational education and training in Namibia (NTA 2016). The NTA administers the VET levy, which is a means to mobilize additional resources for key priority skills training in Namibia. There are four departments within the NTA: Operations, human resources, finance and administration, and the National Training Fund (see Figure I.2). Two operating departments within the NTA are involved with administering the VET levy funds: the NTF department, and the finance and administration department. The NTF department deals with all matters relating to the fund, especially management of levy collection and levy disbursement processes, including the registration of employers for levy payment and grant purposes. It is headed by a general manager, and consists of three subdivisions: levy collection, levy disbursement, and training advisory services. The finance department is responsible for payments and financial/accounting records.

Figure I.2. Departments of the NTA



The NTA's management and the control of the affairs of the NTA is the responsibility of the NTA board of directors. The board operates to develop and reform the VET system in Namibia, oversee the strategic management of the NTA, and establish a sustainable relationship between the NTA and all stakeholders, including the civil society. The Board consists of 11 members appointed on a three-year term by the Minister of Education⁴ from a variety of stakeholders.

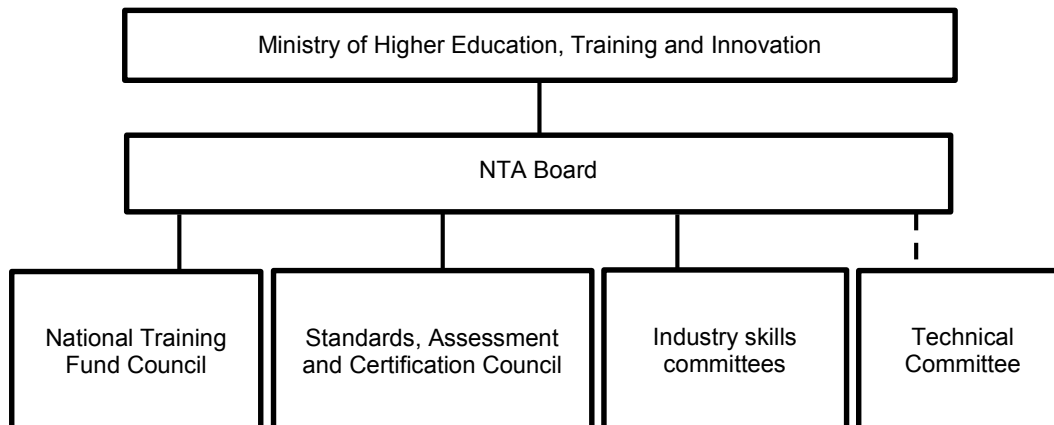
⁴ Until 2015, the Ministry of Education oversaw vocation education in Namibia. In 2015, two ministries were created by the new government: the Ministry of Higher Education, Training and Innovation (MHETI) and the Ministry of Education, Arts and Culture. We assume vocational education tasks once reserved for the Minister of

More specifically, five board members are nominated by employer representatives on the Labour Advisory Council, two are nominated by trade union representatives on the Labour Advisory Council, three members are NTA representatives, and one member represents of the Council of the NQA (NTA 2016). The Minister of Education appoints the chairperson and the vice-chairperson of the board from among the members. At the time of data collection, the board was in its fourth year of operation, which was the first year of its second term. The composition of the board remained stable with only one member changing over the four year period. Currently most board members started and will possibly end their tenures at the same time.

Our research suggested that the board was representative of industry and balanced between private sector, civil society, and government institutions. According to one board member, *“We’ve got...people who were running banks, lawyers of note, academics of note. It is probably the right mix. The representation is good because it comes from the private sector, from the employers’ advisory council... But we [are] also hopeful for people with vocational background.”*

The NTA board is advised by three types of committees (see Figure I.3): The NTF Council; the Standards, Assessment and Certification Council (SACC); and the ten ISCs. Even though the NTA board serves as the ultimate custodian of the NTF, the NTF council is responsible for governing the NTF and overseeing the allocation of funds collected from the levy. The SACC advises the board on the performance of standards, assessment and certification settings as set out in the VET Act of 2008. Finally, the ISCs are comprised of experienced people from industry, and assist in the development of the VET system aligned with the needs of industry. In addition, a technical committee advises the board on strategy. The technical committee brings together the chairpersons of the ISCs and the SACC, and the management of the NTA, and reflects on the operational and technical parts of the NTA. As one technical committee member put it, *“We are almost like the clearing house for the board. We build the capacity, we improve the system, the processes, and we fit the board as such.”*

Figure I.3. Structure of the NTA Board



Education are now the purview of the MHETI; however, we use the name Minister of Education where updated information was not yet available.

2. Current vocational training environment in Namibia

Namibia's leadership remains committed to transforming the country into an industrialized and knowledge-based economy but faces a scarcity of skilled labor. In 2015, almost 46 percent of Namibia's 37,441 grade 10 students failed to earn enough points to proceed to grade 11 (staff reporter, *The New Era* 2015), thus entering the ranks of the unemployed. The Namibian government sees vocational education as a way to effectively prepare Namibian youth for jobs or self-employment, as well as meet the growing demand for a skilled labor market.

Namibia's government is currently prioritizing and investing in the expansion and transformation of the vocational education system, as reported by the Namibian press. It aims to geographically expand the vocational education system from 11 to all 14 regions⁵ in the next two to three years and improve the quality and responsiveness of vocational training to better meet the demand for skilled labor. The government inaugurated a new Vocational Training Centre (VTC) in Gobabis in March 2016 and recently expanded the VTCs in Rundu and Eenhana with government funds through the NTA. The NTA and others within the government also commit to increasing the number of training spots available to accommodate more Namibians. The NTA currently funds about 17,000 trainees per year in the VET sector, with a target increase to 25,000 per year. Current efforts to transform the country's vocational education also focus on course offerings, the integration of industry-based gradable internships, good governance practices, a solid instructors' pre- and in-service program, and an internationally benchmarked and properly articulated and localized national technical vocational education and training curriculum (staff reporter, *The Namibian* 2016a).

Despite the sizable portion of the population eligible and potentially interested in vocational education and training, current social perceptions stigmatize vocational education and training "as a compensatory avenue for those incapable of excelling in academic fields" (staff reporter, *The New Era* 2016b). Stakeholders aim to improve the public perception of vocational education and training. As one NTA board member noted, "*We must highlight stars. They are half of the Namibian economy. [Half] is actually done by people who wear overalls; [We have to] get those people to talk. 'I am also successful. I have got my family and kids, and my hands are not always dirty.' ... Tourism, fisheries, mining—it's not blue collars, ... It is ... hard-core technical fields and those ... which made this country in terms of GDP. ... We must market.*" Others note that the new levy system is making an impact by changing the interest in and perceptions of VET. As one NTA staff member pointed out, 1,100 additional enrollees were added to the current intakes for the VTCs this year. In addition, people are now aware of the importance of vocational skills in enabling Namibia to achieve Vision 2030 (see GRN 2004). The reason they are talking about vocational training, he asserts, is due to the levy's implementation. He thinks there is a shifting trend where people do not just think that one must go to the University of Namibia or Namibia University of Science and Technology (known as Polytechnic of Namibia until 2015) for higher education and skill building; more people are talking about and thinking about vocational training.

MHETI and the NTA have also focused on the quality of vocational training to help the country "produce a quality, competent, and employable workforce for an industrialized

⁵ The regions that are not currently serviced are Hardap, Kunene, and Kavango West.

Namibia” (staff reporter, *The New Era* 2015). The government and the NTA are working on these initiatives with donors, particularly the German international development agency GIZ. For example, through the Promotion of Vocational Education and Training (ProVET) project, jointly supported by the NTA and GIZ, a variety of trainers graduated in February 2016 after learning new education, training, and development practices, including pedagogical skills and procedures. The certification of this group of trainers at Level 5⁶ is seen as a significant capacity-building effort that helped grow the number of qualified Namibian VET trainers needed to expand quality VET services throughout the country. A South African firm ran the training. In addition, in December 2015, the NTA announced plans to send a group of trainers to Germany to be trained through ProVET. The use of these outside trainers and trainings reflects Namibia’s current lack of training capacity.

Industry internships and entrepreneurship are also important. It is understood that essential capacities and skills cannot be developed or mastered quickly, or sometimes at all, outside of an industry setting. The MHETI was quoted in a number of Namibian media sources supporting industry-based internships in order to be able to graduate fully employable citizens (staff reporter, *The New Era* 2016b). In addition, entrepreneurship is being encouraged for vocational graduates not only as a means of self-sustenance, but also to create employment for other Namibians. The minister urged training providers to build strong foundations for trainees to become entrepreneurs and advised graduates to set up their own businesses within their regions to grow the local economy and, thus, the country’s economy. An NTA board member echoed this point: “What we are saying is that we do not want a VET system that produces employees. We want a VET system that creates or produces employers So we are looking at having people coming out of a system and being able to create jobs and not seek for jobs ... I think that is the mind shift we are trying to create even with the VET trainers; hence, our focus is on entrepreneurship as well.”

D. Objectives of the report

The main objective of this final evaluation report for the NTF subactivity is to answer the remaining research questions that we were unable to answer immediately after the compact concluded, especially those related to the operation and effects of the subactivity and sustainability. We collected the second round of qualitative data during the fourth quarter of 2015—about one year after the NTF was established—and will use it primarily to answer research questions related to how the VET levy is operating and stakeholder perceptions of its future stability.

The report will evaluate all aspects of the NTF that were piloted under the VTGF subactivity but are now being operated by NTA. This will include the grants to employers for employer-provided training. It will also include the RPL program, which helps people experienced in a certain vocational skill area but lacking formal training to compile a portfolio of evidence of

⁶ The National Qualifications Framework (NQF) is a register of all relevant and legal qualifications in Namibia. It consists of 10 levels, each representing a different level of difficulty in learning and/or the application of knowledge and skills learned. NQF Levels 1–8 can be awarded certificates, levels 5–8 can be awarded diplomas, level 7 is a bachelor’s degree, level 8 is an honors or professional bachelor’s degree, level 9 is a master’s degree, and level 10 is a doctoral degree. VET is usually considered levels 1 through 4 or 5 (NQA 2016).

their work experience and have their skills formally assessed and certified. We describe findings related to both of these components and others that were piloted in the VTGF subactivity in this report, as they relate more directly to this subactivity.⁷

A recent cross-country review focused on vocational training funds underscores the value of understanding the factors behind the successful establishment and operation of a national training fund. The review studied national training funds in multiple countries, many of which are funded by levies on employers and are similar to the NTF established in Namibia (Johanson 2009). The study isolated several key factors for the success of these funds, including sufficient administrative capacity and autonomy, strong employer buy-in and participation (even in fund allocation decisions), a sufficient industrial base to generate fund revenue, and encouraging competition among training providers for funding. Two of the main challenges cited were ensuring that funds assist small enterprises (which may have limited capacity to conduct staff trainings) and reducing bureaucratic barriers to employers' participation in the fund. The evaluation of the NTF subactivity adds to this literature, and allows us to examine the factors behind the NTF's successes and challenges in Namibia in the early years of the fund's establishment and evolution and assess whether these factors are similar to or different from what has been found elsewhere.

E. Organization of the report

The remainder of this report is structured as follows. In Chapter II, we discuss the research questions that this report addresses and describe the data we relied on for the analysis. We present our findings related to the NTF subactivity in Chapter III. The findings are organized by topic and include descriptions of how elements of the NTF have evolved as well as stakeholder perceptions of the evolution and the sustainability of the NTF. The topics in Chapter III are as follows: operation of the NTF, systems and staffing, management of funds, measuring and responding to market demand, employer-sponsored training, employer satisfaction with NTF's role, the RPL program, and perceptions of the NTF's sustainability. When possible, we consolidated similar findings from varying perspectives. Chapter IV summarizes the findings and discusses the implications of our findings for policy and practice.

⁷ The evaluation of the VTGF subactivity will focus on the implementation and impacts of the pilot of competitive grants for training providers.

This page has been left blank for double-sided copying.

II. RESEARCH QUESTIONS, DATA, AND ANALYTIC APPROACH

In this chapter, we present the key research questions addressed in this report and describe the qualitative data collected in the second round of data collection to address those questions. We also briefly discuss the analytic approach and some of the limitations of our analysis.

A. Research questions

The evaluation design report (Mamun et al. 2014) describes the full set of research questions for the NTF subactivity evaluation. Mathematica's evaluation of the NTF subactivity answers these research questions using qualitative methods. Building on the first round of research that focused on the establishment of the NTF and the VET levy, for the second round of data collection we focus primarily on the research questions related to how the NTF and VET levy are operating in the post-compact period and on perceptions and expectations about their longer-term effects. Specifically, the second round of qualitative research for the NTF subactivity seeks to inform the following research questions.

1. How is the NTF levy collection and distribution system operating in practice, compared with the specifications outlined in the regulatory framework?
 - a) What is the compliance rate?
 - b) What enforcement mechanisms are in place?
 - c) How does the NTF measure and respond to market demand for skills?
 - d) What types of providers apply for training?
 - e) How is levy funding allocated in practice across different disbursement streams and specific providers within each stream?
 - f) How is levy funding allocated in practice across different sectors and employers of different sizes?
 - g) Does the NTA assess the quality of training offered, and, if so, how? How do assessments or perceptions of quality affect the allocation of funding, if at all?
 - h) What types of reports does the LCDRS generate, and what is the perceived utility of those reports?
 - i) What are the costs of administering the system?
 - j) What is the role of the private sector and civil society in the system?
 - k) What are stakeholders' perceptions of the LCDRS's performance, and how and why have these changed over time?
 - l) What are the ongoing successes and challenges?
2. What are stakeholders' perceptions of the sustainability of the NTF levy collection and distribution system?
 - a) Is the system perceived to be financially sustainable?

- b) Is the system perceived to be sustainable in terms of organization and management?
- c) Are employers satisfied with the NTF's role with respect to in-service training and employees trained in key priority areas?

These research questions focus on two important junctures in the evolution of the NTF's LCDRS after it was established—the system's initial operations and likely sustainability.⁸ The second round of qualitative research provides further valuable information on both. Addressing the first question allows us to explore the NTF's operations, focusing on the levy collection and distribution components. Because the second round of data were collected one year after the transition from the pilot phase, and levy distribution was just beginning, in this report we describe VET levy operations and perceptions of operations in the future, although some levy operations are still in their early stages. In answering the second research question, we will be able to explore perceptions of long-term sustainability.

B. Data

Our analysis draws on qualitative data collected from a variety of sources between October and December 2015⁹ through in-depth interviews, site visits, and reviews of documents provided by stakeholders and collected from the media. Under Mathematica's guidance, a research team from MRC conducted most of the interviews and site visits in Windhoek and other sites across Namibia. The MRC team completed a total of 26 interviews, with support and oversight provided by the Mathematica evaluation team. Four of the interviews were conducted during a pilot phase after interviewer training, with both MRC and Mathematica staff participating. The Mathematica evaluation team conducted three additional interviews in October to get in-depth updates from key stakeholders before the MRC data collection training began. Two of the participants in these interviews were re-interviewed by the MRC on slightly different topics.

1. Data sources

The data sources included in the second round of qualitative data collection were as follows (see Table II.1 for a summary):

- **Interviews with NTA staff.** The team conducted five interviews with NTA staff. We focused on the operation of the NTF, including levy collection and distribution; NTF's management of systems, staffing, and funds; the operations of ISCs; and the evolution of the RPL program. We identified the relevant NTA staff for interviews with input from NTA. One of these interviews was conducted by Mathematica staff prior to the main data collection effort, to validate the topics to be covered in this round.

⁸ The research question that focused on key implementation strengths and weaknesses during the establishment of the NTF's LCDRS, including the critical transition from the pilot phase to full implementation, was addressed by the first round of qualitative research, and the related evaluation findings were presented in our first-round report (Mamun et al. 2015).

⁹ Pretesting was done in October. Full implementation of the data collection was conducted between November 17 and December 18, 2015.

Table II.1. Number of interviews

Data source	Number of interviews
Namibia Training Authority (NTA) staff	5
NTA board and National Training Fund (NTF) council members	4
Recognition of Prior Learning (RPL) certificate recipients	4
Employers	9
Industrial skills committee (ISC) members	3
Other stakeholders ^a	4

^aIncluded staff from GIZ (a development partner); a Ministry of Higher Education, Training and Innovation official; and an NQA leadership team member.

* All interviews were individual, in-depth interviews, although on occasion more than one respondent was present for at least part of the interview to answer specific questions.

- NTA board and NTF council members.** We conducted three interviews with NTA board members and one interview with an NTF council member. We originally targeted one board member and one council member, whom we selected purposively from a list of members, based on location, gender, and responsiveness. A second board member was part of the pilot testing, selected similarly. The final board member we interviewed was the chair of the NTA technical committee, when permission to observe an ISC meeting was not received in time. Interviews focused on NTF organizational and management capacity, the roles and capacities of the board and council, the operation of the ISCs, and perceptions of the LCDRS's sustainability.
- RPL certificate recipients.** We interviewed four RPL recipients to inform research questions about the RPL program's influence on recipient outcomes. The NTF provided a list of 2013 RPL candidates. We then selected four certificate holders from the list, balancing industry (tourism and hospitality), gender, and location. We conducted one of the four interviews during the pilot.
- Employers.** We conducted interviews with nine employers registered for the VET levy. We spoke with employers about the operation of the levy collection and distribution systems, and their perceptions of the NTF's purpose and sustainability. We worked with the NTA to select an illustrative sample of levy-registered employers who did and did not pay the levy. We selected four employers from the list of employers who had paid the VET levy and two from the list of employers who had not yet paid. We chose two more employers to further ensure balance by location, industry, and size (but did not take payment status into account). We selected one additional registered employer by convenience for the pilot phase.
- Industrial skills committees.** ISCs play an important role in identifying key priority areas for training to inform the NTF's funding decisions. For this reason, we conducted interviews with three ISC members to learn more about the operations of the ISCs, how they measure market demand by identifying priority skill areas for training, and how their input influences the levy funding system. The NTF provided the contact information for all ISC members. We selected two members from ISCs of varying size based on the size of the industry sectors they represent. We chose the third member for the pilot by convenience and also sought a mix of genders.

- **Other relevant stakeholders.** We conducted interviews with four other key stakeholders. We interviewed two GIZ staff to capture the perspectives of development partners working in vocational education in Namibia; a MHETI official; and a leadership team member of the Namibia Qualifications Authority (NQA). A Mathematica team member interviewed the NQA staff member and one GIZ staff member prior to the main data collection effort to validate the topics to be covered in this round.

2. Data collection and analysis

Protocols for collecting the qualitative data were developed by Mathematica and reviewed by the MCC. As mentioned previously, most of the data collection was conducted by the MRC team, which was hired by and received oversight support from Mathematica. The same MRC researchers conducted the first round of interviews the previous year. Two Mathematica evaluation team members traveled to Namibia for validation of the protocols, training and piloting of protocols before data collection began.

Using Atlas.ti, the MRC team coded data by employing high-level codes that the Mathematica evaluation team developed. Mathematica staff conducted additional coding and subsequent analysis of the data. We analyzed the coded data by triangulating information from multiple sources, recognizing that each respondent has his/her own perspectives, information, and interests. Collecting similar information from many types of stakeholders allows a richer, more nuanced view of each topic. We identified major themes that emerged from the data related to the various research questions. This analysis enabled us to develop a key set of qualitative findings that accounted for similarities as well as differences in perspectives across different respondent groups. It also provided a comprehensive picture of the operation and evolution of the NTF and allowed us to address the key research questions.

C. Limitations

This report provides valuable evidence to inform some of the key research questions related to the NTF subactivity, but the analysis has some limitations:

- **The NTF's operation is still in an early stage.** The second round of qualitative data collection was conducted one year after the compact ended; however, the distribution of levy funds had only recently begun. It was a favorable time to examine the evolution of the levy collection, staffing capacity, management, and systems operation. However, because of the timing of data collection, the data do not fully capture the operation of the fund distribution, nor could stakeholders comment on the operation of the levy beyond collection, since funds had not been distributed nor effects felt. Stakeholders' perceptions of the NTF described in this report thus might evolve as the full cycle of the NTF levy collection and distribution is experienced over a number of years and trainees graduate into the job market. The quantitative data for the VTGF evaluation will be valuable in addressing the impacts of priority skill training, partially addressing this limitation.
- **The integration of the design, data collection, and analysis teams was not complete.** To benefit from cultural, lingual, and budgetary advantages, as well as provide opportunities to researchers in Namibia, a skilled team of local researchers conducted data collection. However, these researchers were not involved in the design of the research, nor the analysis.

The Mathematica team was also not on hand during the entire data collection process because it would have been prohibitively expensive to have Mathematica staff spend time in the field during the month of data collection in addition to the week of training. Since researchers are the “tools” in qualitative research, the lack of complete integration limits the degree to which information from the different steps of the research process can be fully used. That is, the data collection team did not have the benefit of all the design work that went into the study and data collection instruments. Thus, they could not make the same types of decisions on the ground that the evaluation team could have. Since qualitative research is meant to be a process, changing based on what is learned as it unfolds, the somewhat fixed process set at the beginning did not allow for the full advantages of this methodology. On the flip side, the evaluation team responsible for analysis and report writing did not have the advantage of collecting the data, reflecting, integrating new learnings as they came in, and following up on them. They had to build a full understanding of the results when it was not possible to go back and make changes based on what was learned. In addition, many small decisions made in the field may influence the data gathered. The evaluation team needed to learn about these decisions after the fact, was unable to influence many of them, and likely never knew many that occurred. Having recognized these limitations before the second round of data collection began, we instituted efforts to collect field notes frequently throughout the data collection period and host weekly calls to discuss the evolution of the data collection. These processes mitigated some of the limitations of the set up, but more insight would likely have been captured in this study if better integration were possible.

Despite these limitations, the second round of qualitative data is a rich data source that enables us to provide important insights about the NTF’s implementation and evolution. We have interviewed a relatively large number of respondents for a qualitative study and collected data from a variety of stakeholders to capture a range of perspectives. We have triangulated responses within and across stakeholders, and when the responses were inconsistent, we focused on comparing similar and disparate responses to understand the full scope of possible perceptions and experiences. However, as with most qualitative study, findings from the analysis may not be generalizable beyond the study sample.

This page has been left blank for double-sided copying.

III. FINDINGS

The intent of the National Training Fund (NTF) subactivity was to establish a fully operational national training fund managed by the Namibia Training Authority (NTA), which would serve as a sustainable source for vocational training in high-priority skill areas in Namibia. The VET levy requires eligible employers to contribute to the NTF through a payroll levy; it disburses levy funds to employers as grants for providing training to employees and to training providers to conduct vocational training in the high-priority skill areas identified by the NTA. A third part of the levy money is used to administer the NTF. The evaluation approach for this subactivity involved a performance evaluation using qualitative methods. The first round of qualitative research for the NTF performance evaluation focused on assessing the VET levy establishment, initial operations, and perceptions of sustainability (Mamun et al. 2015). In this final report for the NTF performance evaluation, we focus on NTF operations in the post-compact period, as well as perceptions and expectations about the longer-term impacts on providing skilled labor for the economy.

A. Operation of the NTF

According to NTA staff managing the NTF, the implementation of the NTF subactivity was a strong capacity-building opportunity. In this section, we focus on NTF operations in the post-compact period.

1. Registration, compliance, and enforcement of the VET levy

Most stakeholders agree that employer registration and levy payments have gone very well. Based on data from the Ministry of Finance on companies registered for tax purposes, the NTA had anticipated that approximately 3,000 companies would be eligible for the levy; about 2,500 have already registered. NTA staff, board members, and an official at the MHETI regard registration as successful, and many voiced their satisfaction that this was the case despite the levy system being new. A MHETI official said, *“Knowing that this levy has been in existence for a short time, I think [this] is a major achievement.”* Registered employers interviewed for this evaluation universally held a positive view of the registration process, finding it straightforward and easy to complete. Most who needed technical help were satisfied with the assistance they received from the NTA, and most employers did not find the tax onerous.

In addition, levy collection has gone very well. The NTF exceeded its target of N\$200 million in collections for the first year, collecting N\$266 million. By the final quarter of 2015, when data for this evaluation were collected, the NTF had again exceeded its target, collecting about N\$284 million in levy payments for the second fiscal year (2015/2016) compared to their N\$282 million target. NTA staff were again especially pleased, given that these were the first years of levy collection.

Assessing compliance continues to be a challenge of the levy system. While the absolute number of employers registered and levy dollars collected have approached or exceeded targets, real compliance is difficult to gauge. Currently, the NTA does not have an externally produced database of Namibian employers from which to determine compliance or verify employer payroll amounts, which the following comments from an NTA staff member reflect: *“How do you know*

[that] the employers that are in the [levy] database and are contributing are all the employers that should be contributing to the NTF levy?"

Due to the lack of employer databases, it is difficult to document whether the registration and payments received are what they should be, and which employers meet the required yearly payroll amount of N\$1 million. Without the ability to track, NTA board members fear that employers may erroneously state that their payroll falls below the threshold or that they may change their payroll numbers to avoid paying the levy. As one NTA staff member said, *"Given the geography of Namibia, I can assure you that there are some companies [in specific regions] with the payroll over, but they will say 'I am far from Windhoek. These people won't come and get me.'"*

To address these concerns, the NTA has started to engage with the Ministry of Industrialization, Trade and SME Development and the Social Security Commission (in addition to the Ministry of Finance) to improve their employer data. It is also building a database to track payments from registered companies and establish trends. This would allow the collection division to track the compliance of registered companies but would not inform the NTA which companies are missing or whether payrolls are honestly reported. For the latter, working with the ministries of finance and trade, as well as the Social Security Commission, might be helpful.

Some enforcement solutions are in place, and more are being rolled out. NTF staff reported during interviews that the NTA is using a newly developed online system to send monthly reminders to employers registered to pay the levy. Companies that do not make their monthly levy payments on time will be charged a 10-percent penalty fee on the outstanding amount. Amounts due are calculated as one percent of the current month's total payroll. Employers are required to submit via the LCDRS a declaration each month, which is an indication of what their payroll is for the month and how much they will pay. If payment is not forthcoming, the NTA will send noncompliant employers' information to the debt collection division; then, if necessary, it will pursue the companies legally. NTA staff noted that they have been flexible during the first year to allow companies to adjust to the system. They are undergoing a business review process to determine best practices for the system. After the review process is complete, the NTA will begin to educate employers on the penalties for levy nonpayment. At the time of data collection, the NTA anticipated that engagement with employers would begin by February 2016.

Employers in the study had varying degrees of knowledge of NTA enforcement mechanisms for late levy payments. Some employers speculated that there would be additional reminders to pay, additional payments, or calls from an NTA debt collector, but others had no idea, as reflected in one employer's comment: *"We never skipped payment, so I never experienced any enforcement. I can only imagine that it is tax you just need to pay. But I don't know specific procedures if you did not comply."*

NTA staff and board members are not universally happy with the current enforcement of levy registration and payment. Two additional solutions in progress are appointing compliance inspectors and requiring companies to prove that they have paid the NTF levy as a requirement for government tender and procurement purposes. NTA staff members are especially optimistic that levy payments will increase as soon as compliance inspectors are appointed. An NTA staff

member stated, "...with the appointment of the compliance inspectors, I will see probably the numbers are going to increase." Compliance inspectors will travel to a changing sample of employers to check compliance and register eligible employers for the levy. The inspectors will be responsible for ensuring that employers are meeting the levy requirements and that the data they submit are credible. In addition, compliance inspectors can ensure that employer grants for training are being invested in training appropriately. Compliance inspectors will also receive information from the NTF in order to target non-complying employers. At the time of data collection, compliance inspectors were in the process of being hired by the NTA, and the NTA hoped to have them on board by early 2016. Until the compliance inspectors are brought on board, many NTA staff are conducting their own monitoring visits and educating employers on the workings of the levy system. They are also compiling files on employers who are not paying the levy. These files will be ready for compliance inspectors when hired.

The process of selecting compliance inspectors has been challenging, and stakeholders lack clarity on whom the compliance inspectors will report to once assigned. Board members and NTA staff stated that as a requirement of Section 43 of the VET Act, compliance inspectors are to be appointed as civil servants by the public-service commission and seconded to the NTA; however, the public-service commission declined appointing compliance inspectors because there was no organization to take them on and second them to the NTA. Many board and council members had varied responses on whom the compliance inspectors will report to. One NTA staff member mentioned that compliance inspectors are supposed to report to the ministry but will physically be located at the NTA to ensure that their services are used only for levy collection; other respondents said that compliance inspectors will be NTA employees.

2. Role of the ISCs

The VET Act created industry skills committees (ISCs) to engage the private sector in measuring market demand, identifying training priority areas, and keeping the industry engaged in the new system. Ten committees are now fully operational.¹⁰ This section describes the role, operations, and makeup of the ISCs.

The ISCs' most important role is to identify high-priority skills areas for NTF funding. Each ISC is responsible for the research and development of a "sector skills plan" that identifies priority skills areas. ISCs collect data on skills needed from their respective industry through company questionnaires and consultations within the industry. Data from the questionnaire are compiled and shared with industry members for accuracy and approval. As the NTA's "eyes" for each industry, ISCs also look at economic trends and identify emerging issues to be considered.

The sector skills plans serve as the blueprints for the NTA in determining how the economy is doing and what kinds of jobs will be needed in the future within the vocational space. Each sector skills plan is the "wish list" for the respective ISC. Once the ISCs draft their sector skills plans, the NTA board's technical committee reviews them. The committee consists of each ISC's chairperson, the SACC chair, NTA management, and at least one NTA board member. Each ISC

¹⁰ The 10 ISCs are (1) mining and quarrying, construction, electricity, gas, water supply, and sanitation; (2) tourism and hospitality; (3) financial and business services; (4) agriculture and forestry; (5) fisheries and maritime; (6) health care and social services; (7) transport, warehousing, and logistics; (8) wholesale and retail trade; (9) post and telecommunications; and (10) manufacturing, automotive sales, and arts and crafts.

identifies the top five priority areas for their sector, and recommends them to the technical committee for ratification and incorporation into a national skills development plan. The priority is to train youth for self-employment or give them the skills they need to get a job. One NTA staff member noted that if money is used to promote trainings in a sector, there should be jobs waiting for graduates.

Another role of the ISCs is to approve unit standards and assessments of training providers. As one ISC member said, *“Our role is to advise the NTA board on the required skills in the specific ISC which we are representing.”* The creation of unit standards has been an achievement in improving and harmonizing standards across training providers. They also provide credibility to the VET sector. To identify the unit standards and qualifications needed, each ISC meeting is attended by managers from the NTA unit standards and qualification development division who suggest how to prioritize qualifications to develop, usually where no qualifications exist in the ISC’s top five priorities. Once the ISCs agree that qualification development can proceed, separate technical working groups composed of a number of subject matter experts are established and charged with the development of the qualifications. Thereafter, the qualifications are submitted to the relevant ISC for review and approval, and subsequently to the Standards, Assessment and Certification Council (SACC), a subcommittee of the NTA board.

The NTA manages many details of the ISCs. According to the terms of reference, the ISCs are supposed to meet once a quarter. This was challenging before, but now meetings are taking place quarterly as planned. Each meeting lasts about four or five hours. The technical committee coordinates the ISC meetings. One ISC member noted, *“We do not do our meetings without NTA; NTA arranges everything—the venue, the date, the time and so on.”* All ISCs meet separately, but simultaneously and at the same large venue. The NTA sends a representative from its legal department to take minutes; it also sends staff, who give feedback if members have questions. ISCs also have meetings in-between to discuss specific issues that arise, and communicate with the NTA on a monthly basis via email. That said, one NTA staff member mentioned that information does not always flow clearly from the NTA to the ISCs and that work needs to be done to “nurture the relationship.”

3. Role of public entities

The 2008 Act that established the NTF directed the Ministry of Education to serve as the NTF’s custodian and overseer. With the inception of the MHETI in March 2015, the NTF moved to this new ministry, where it currently resides. Other public-sector entities—such as the Ministry of Finance, Development Bank of Namibia (a government-owned bank), ministry of health, and ministry of youth—also supported the work of the NTA, the NTF, and vocational education in Namibia.

The NTA board reports directly to the MHETI, which is the main government entity supporting the NTF. MHETI mainly plays an oversight role, and stakeholders noted that the NTA board reports quarterly to the ministry on the following core components: (a) compliance with the VET Act, (b) strategic planning and regulatory framework updates, (c) meeting targets, (d) governance practices of the NTA and NTF, (e) ethical management of funds, and (f) how the ministry can assist with advocacy for vocational training. Respondents described the roles that other public-sector entities play in providing institutional support for the NTF as well. Three stakeholders noted that the continued support of the Ministry of Finance will be key to the NTF’s

success. Another noted the same with regard to the Development Bank of Namibia. In addition to providing funding, the Ministry of Finance provides financial management advice and technical assistance to new entities that are still building management capacity. Respondents hoped this support would continue, but feedback on the specific role the Ministry of Finance played at the time of the interviews ranged from “active” to “shrinking” to “desired.” Two respondents expressed concern that the government was diverting funds away from the NTF precisely because the levy was taking in more than it could spend. However, one respondent noted that the levy is not designed to replace funding for salaries of existing permanent government employees, so government support must be sustained. Looking forward, one NTA staff member noted that *“the issue of levy expansion obviously is going to complement the [NTF] expansion process, but 80 percent [of funding] must come from government, as it is still the obligation of the government to provide skills and education.”*

Vision 2030, the document that lays out Namibia’s development programs and strategies to meet the goal of improving “the quality of life of the people of Namibia to the level of their counterparts in the developed world, by 2030,” spurred the NTA, Ministry of Sport, Youth and National Service, Ministry of Health and Social Services, and other public-sector entities to prioritize vocational education and training throughout Namibia (GRN 2004). Vision 2030 includes specific provisions regarding vocational education and training, which three respondents hoped would keep the government engaged and supportive of both the NTA and the NTF for the foreseeable future. One respondent noted that the National Planning Commission also plays a role in thinking about strategic investments in vocational training. The Ministry of Health and Social Services may work with the NTA to create a consortium of training providers to meet the skilled labor needs of the health and social services sectors, and the Ministry of Sport, Youth and National Service aims to set up at least one vocational training center in each region in the coming years. One NTF respondent noted that the NTA and these two ministries can now work together rather than each creating and equipping centers in the same places.

4. Role of development partners, private sector, and civil society

With the closing of the MCA-Namibia’s five-year compact during the final quarter of 2014, the roles of development partners/donors, the private sector, and civil society are being re-established within the new realm of the NTF.

Donors remain involved in vocational training. A number of donor organizations were actively engaged in the area of vocational training in Namibia while the MCC was implementing its compact. The EU, for example, supported vocational training and the NTF, as did GIZ, which has continued its role beyond the end of the compact, through the Promotion of Vocational Education and Training (ProVET) project. ProVET is a N\$160 million (about US\$11 million) investment aimed at “promoting vocational education and to address the skills gap in the private sector” (Haidula 2016). In December 2015, GIZ extended its support of ProVET until September 2017 and expanded funding to about N\$172 million. The EU has also continued its support, planning to fund one to three training centers in Namibia’s northern regions as part of the expansion of the vocation education system in the coming years. In December 2015, it made an additional N\$255 million available for vocational education and training, tapping the NTA to be the implementing agent (Nakashole 2016). Additionally, the Korean government has been

supporting vocational education and training in Namibia through a partnership with UNESCO's Better Education for Africa's Rise project (UNESCO 2014).

Despite continued funding from donors, NTA staff, board members, and employers expressed concern that donors are not as invested as they once were in vocational training and hoped that donors would stay engaged in this work. Five respondents noted a decrease or change in the role of donors since the VET levy was introduced, possibly because of the perception that the levy collections' success means the NTA does not need donor funds. Donors may be waiting to see if the NTA is able to spend the money collected. One civil society stakeholder noted that *"if the NTA continues on their path of actually making sure that money is used for training, then they will be on the right path, and a number of the donor communities will move from their [fence] sitting ...and ... either support or ... be in the position to decide to become more critical."*

Two respondents disagreed, saying they had not seen any change in donor involvement over time; both noted that they "hope" donors stay engaged. Respondents view the role of donors as necessary for the NTF's operation, in terms of technical support and oversight, as well as expansion. One employer noted, *"I hope there will not be any change, especially now that we have this Vision 2030 where we want to be better and bigger. We need all the investments that we can get, all of it."* Three respondents suggested that donors should play a bigger role now than before because if the NTF is to expand, it will need support in both technical and financial resources. As one NTA staff member said, *"In fact, [donors] should play more of a role now than before...because the amount of work to be done requires resources."* The support of the development agencies is necessary to meet the vast skills development needs. Other respondents expressed appreciation for donors by noting that they are "the conscience" of the NTF's work, their advocacy is beneficial, and they do not invest funds; rather, they invest in capacity-building and skills development. Finally, one NTA staff member noted that having donors involved acts as a check on the program, to keep it honest: *"The donors are still there, and they are still keeping an eye on the money."*

The private sector supports the NTF, as evidenced by its levy contributions. The most significant role the private sector plays in the NTF is paying the levy for the NTF to operate. Among the employers interviewed, each was either paying the levy or working out final glitches to comply. All gave every indication that they would continue to pay, even if they still had questions or concerns. There was some wariness. Several employers were wary of the notion of a new tax. Some were impatient with the speed of progress; money has been collected but not yet disbursed, and some employers expressed concern regarding the NTF's ability to spend the funds collected through the levy. A few employers quibbled with the way the levy is calculated or applied, suggesting that certain categories of companies should be exempt or that the levy amount should be calculated differently. However, very few employers found the 1-percent levy onerous, and none refused to pay. Almost all agreed with the levy idea and hoped it would work, even if they had some reservations. Two respondents cited the "ballooning pot of money" as clear support from employers but noted that the money also represented a risk of losing employer support moving forward. All in all, employers have expressed support and compliance with the levy. As one employer noted, private companies need skills to grow; when they are paying the levy, they are investing to develop those skills and are thus providing funding for their own benefit.

The private sector is not as involved in providing job attachments and internships as the NTF would like. It is widely recognized that there are not enough job attachment¹¹ opportunities available in the local industries to support the vocational training institutions. In addition, many companies that do take trainees for job attachments fail to deliver in terms of on-the-job training, evaluation, and reporting. One ISC member noted that the private sector should participate by bringing in students to do internships and acquire the proper skills. One employer mentioned that the NTF should consider providing insurance for employers who take on trainees or interns, in case their inexperience leads to problems with machines or tools.

The private sector and other entities would like more engagement with the NTF. Many stakeholders agree that the role industry plays in identifying key skill needs is essential for the NTF to understand and meet market demand for skills. Input from the private sector comes to the NTA through the ISCs and interactions with employers throughout Namibia. However, many employers outside the ISCs do not know how to share their knowledge in a meaningful way or doubt their input would have an impact on the choices the NTA makes. Employers expressed their desire to engage, and many thought there should be ongoing consultation between the NTA and the private sector. A number of employers thought the NTA should seek more information from industry regarding skill needs and changing trends in order to make the levy program successful. ISC members, representing another employer perspective, also noted that industry has the ability to help the levy system be successful via feedback. Said one employer, *“Consultation is the only way they can get us on board, and that is the best way for us to address the new skill gaps in our developmental agenda.”* An NTA staff member mentioned that a similar theme emerged from employers who responded to a satisfaction survey and that the idea of a country-wide assessment was put forward as necessary to fully understand employers’ perceptions. Employers and NTA staff members interviewed for the evaluation acknowledged that keeping an open line of communication is the best way to ensure that all skills gaps are addressed.

At the same time, employers indicated that they need to know more about the levy system. Even though the NTA engaged employers during the levy planning phase and conducted “road shows” when the levy collection started to raise awareness among employers (Mamun et al. 2015), nearly half of the employers we spoke with thought the NTA should hold informational sessions to explain to employers the role of the levy system and how it benefits employers. About one-third of employers noted that they are not aware of what the funds for the levy collection will be used for. At least one employer noted that she did not feel involved in the decision-making process regarding the levy. Employers’ focus on the need for communication highlights a clear request. One ISC member implored the NTA to prioritize the establishment of close relationships with firms in order for information to flow both ways, rather than visit only to collect money.

The NTA board and ISC members echoed the need for, and positive benefits from, employer engagement. Several noted that the more involved the private sector is, the more the private sector can represent their interests. In turn, employer engagement also encourages the private sector to participate in the process of skills formation. Respondents report that the NTF has

¹¹ Job attachments are unpaid, short-term positions that trainees complete just before they graduate from a training program.

changed the private sector's views about vocational education and training. Employers and NTA staff alike reported a new prioritization of vocational education and training in the private sector. An NTA staff member cited applications from over 300 employers for training funds as evidence that they are re-focusing their efforts on providing quality training to employees; however, it is unclear how many of those 300 employers are providing new training versus seeking grants for existing training programs.

5. Training quality

The quality of training provided by NTA-funded training providers is controlled in three ways: accreditation, registration, and assessment. Well-trained instructors are also essential. Attention to these elements is important; employers and other stakeholders expressed their expectations that the quality of training should increase, given the amount of money that is going into the levy. As a member of the NQA leadership said, *"[Employers] appreciate the emphasis on quality [of training]. There was a time the market was infiltrated by people of fraudulent qualifications, and we picked it up. ...No provider or ...employer wants to be associated with people with fraudulent qualifications."* There is a great deal of confidence that the accreditation and registration processes will result in quality training. However, accreditation and registration have a lot of duplicative requirements, and the processes can be slow. The assessment process, which is a means of evaluating the competencies and skills achieved by trainees, carried out by the Assessment Division within the Operations Department of NTA, is a third measure of the quality of trainings. In addition, NTA staff noted in October 2016 that the Research and Planning Division in the Operations Department of the NTA has identified a service provider to conduct tracer studies and will engage employers individually to determine their satisfaction with the competencies of the VET graduates. Many stakeholders are optimistic that the training quality will be high but noted that the levy system is still in its infancy; thus, final judgment on the quality of training provided by NTA-funded training providers could not yet be made.

The establishment of the accreditation and registration processes to ensure quality of training provided in Namibia has been an achievement. Accreditation requires that training providers and courses are assessed and certified by the NQA. A member of the NQA leadership team noted that numerous training programs have been approved, both in the competency-based education and training (CBET) system and the traditional vocational training system. Registration is a similar process conducted by the NTA's quality assurance department, which evaluates a training provider's curriculum, its trainee assessments, and the environment of the training space. The establishment of these processes is seen as a great step forward. As one ISC member noted, *"They bring in the assessors to assess...the training provider to qualify as a training provider, which is very important, unlike the past where Jack Tommy offer[ed] whatever, even without a proper certification. They need to be accredited by NTA and NQA, which is... the major achievement."* The accreditation and registration processes are seen as reliable measures of the quality of the training providers and courses that go through them. As one NTA board member noted, *"In terms of quality training that is provided, we are saying that the training should be NQA-accredited. If it is NQA-accredited, I wouldn't question that as a board [member]. ...I think that is why these institutions are there—to make sure that whoever is going to provide training has got cause. They really do [a] vigorous assessment on those institutions—on their curriculum and in terms of their facilities and trainers and so forth."*

Stakeholders also noted that the NTA is ensuring quality trainings by providing standards and other supports. Respondents noted that the NTA is doing very well in standardizing certificates and unit standards, with which training providers must now comply. An ISC member said these unit standards lead to uniformity and *“not this one is doing this, and the other one with a different aspect, and so on.”* These are seen as key steps in providing the nation with quality training. Finally, a board member noted that levy funds from the 35 percent allocated for key priority areas is used to provide equipment and materials to improve infrastructure within the VTCs and financial management training for VTC managers in support of key priority training areas. He said these are all variables that underpin quality.

However, the accreditation and registration processes are seen as duplicative and cumbersome, creating a bottleneck to the provision and expansion of training. Both the accreditation and registration processes are seen as complicated and time-intensive. Many requirements of the NQA accreditation process and the NTA registration process are the same or similar and must be met separately for each process. It can take a training provider up to two years to get accredited. Requiring training providers to be both accredited and registered is noted as duplicative and creates a bottleneck.

The bottleneck created by the accreditation and registration processes makes it more difficult to expand training in Namibia. The duplicative and cumbersome processes have resulted in some training providers not bothering to become accredited or registered, or doing it slowly. Also, the accreditation requirement for training courses (particularly short courses) offered by the employers may make it challenging for the employers to receive grants for training conducted from the NTF. The bottleneck that these processes create results in unmet demand for vocational training and skills development, as levy funds accumulate because they cannot be spent.

Stakeholders offered ideas about short-term solutions to the long accreditation process. Several stakeholders noted that the onerous accreditation and registration processes should be made more flexible in the early years of NTF operations to make it easier to expand vocational training in the country. A GIZ consultant suggested that one way to do this would be to provide provisional accreditation for training providers that have been running for years, have had service-level agreements with the NTA, and have been funded by the government via the NTA. These training providers, which were purposely built up through MCA-N, are now being told that they are not accredited and thus cannot access any of the training money. For training providers that are known to the NTA and who have provided training in the past, the NTA could consider giving them some sort of provisional accreditation with a requirement for meeting the full accreditation requirements within 18 months; this approach would allow these training providers to still receive funding, while they work towards getting the full accreditation. For long-established training providers, some flexibility would enable more training to start sooner.

Another temporary solution could be to approve key priority trainings and allow retroactive accreditation for some period of time. This process was followed during the implementation of the Namibia compact. A former MCA-N manager noted that an agreement with the NQA, brokered in 2010, allowed training providers to offer training; if the institution was accredited in two years' time, graduates could take their certificates back for national accreditation. The risk trainees run is that their qualifications might not be nationally recognized; however, more

trainees could go through the system, and training providers could finish their accreditation and registration processes while trainings run. Currently, the NTA is not permitting these types of flexibility while waiting for training providers to be accredited

Finally, one stakeholder suggested that even though the accreditation and registration processes do not completely overlap, it might be worth considering dropping the NTA registration process because the NQA accreditation process is a bit more thorough. However, in this stakeholder's view, the NTA is not pushing to reduce this duplication, since this is the area of quality that the NTA oversees.

The NTA needs to ensure more highly qualified training instructors. Another element of ensuring quality training is making certain that the training instructors are highly qualified. One stakeholder noted that VET trainers have technical qualifications but that teaching is a different skill. An NTA board member noted that up until now, it would “*graduate people at level 4 and then bring them back... to teach. Then we said, ‘No, this would not work.’*” The GIZ-funded ProVET project recently finished developing the unit standards for VET instructors, which includes a teaching qualification. The NTA is now training about 150 trainers to the new unit standards, starting with about one-quarter who have completed training at the Namibia University of Science and Technology.¹² Having trainers trained under these unit standards will help training providers attain accreditation for courses because part of accreditation is ensuring that the instructors are trained. The NTA has recently conducted an assessment of qualifications of existing instructors, which provided information on their availability and the need for additional instructors by industry. One stakeholder suggested that trainers be considered for levy funds for continuous professional development. The NTA will also encourage sending trainers on attachments by providing backup trainers to fill their jobs while they are away. In addition, the NTA is identifying other training providers outside Namibia to train instructors.

Improving instructors' training level would allow providers to administer trainings at level 5, or even level 6. In the end, stakeholders want to see most of the students in the system eventually pass. Said one board member, “*At least 80 percent should pass, and only 20 percent must fail. That [should be] the normal... But [currently] the failure rate it is very high, fluctuating at 50/50.*”

6. Employer perceptions about the NTF

Among the main stakeholders of the levy system are the employers who pay the levy and thus should benefit from an expanded, high-quality, well-targeted vocational education system. Their buy-in into the system is key. The levy system is still in its early stages, but so far, these are their perceptions about the NTF.

Most employers appreciate the potential benefits of the levy system and are hopeful, but they report that it is too soon to tell whether the benefits will materialize. Several employers expressed confidence in the NTA and appreciation for the work it has done. Said one, “*The NTF staff are one of the few people in this country that I have seen working very, very*

¹² Formerly the Polytechnic of Namibia and renamed Namibia University of Science and Technology in 2015, this is a classic polytechnic institution that offers both higher-level vocational training and academic degrees in technical subjects and the applied sciences.

hard.” Many employers believe that if the levy works as it should, training quality and employees’ skills will improve and more people will be able to become trained. One ISC member, who is also an employer, noted that employers recognize that it is cheaper to pay the NTA to provide training rather than send their employees to training that they fund themselves. The member noted that having a system in place would allow for growth and change to meet industry demand for different skills, which in the long run would benefit the country and employers.

However, employers interviewed were reluctant to pass judgement on the levy system, as it is too early for them to have benefited from the increased availability of vocational training. They were wary that everything would evolve as planned, with some expressing concerns about potential increased labor costs due to more skilled workers; rising inflation through increased costs for consumers; unfair competitive advantage for importers and imported goods; increased demand for training, which would cause a shortage of training capacity; and smaller firms losing trained employees to poaching. But a majority of employers noted that as long as the levy funds are used appropriately to help trainees attain necessary skills, the levy is a worthwhile investment. As one employer noted, *“If the money is really going into training, then it is a good thing... because it will only benefit our country in the long run, and we can have more of our own people trained, and we do not have to get other people from outside to come in and offer training here.”* While it is too early for employers to see the results of the levy system, they remain optimistic and compliant, albeit wary, thus far.

Employers are concerned about what the NTA considers to be vocational training.

Some employers found the NTA’s definition of vocational training to be problematic. One NTA board member noted that many employers do not agree with the definition established by the board and determined with the Ministry of Education, as some of the training they provide to their employees is not considered vocational training under the definition. As a result, employers pay the levy and provide useful training for their staff but may not get grants for training conducted. Some employers, in turn, feel pressured to offer formal training instead of informal/short or non-accredited—but perhaps more relevant—training to their employees because they cannot claim grants from the levy if the NTA does not recognize their training. Yet one employer noted that in-house training is expensive and that the vocational training program, as defined, does not meet the requirements and needs of his company as far as skills learned; his industry (clothing manufacturing) is still new in Namibia, and the NTA program does not offer any courses that relate to his firm’s needs. Another employer said there are no skills for the architecture industry: *“One size does not fit all in this economy.”*

7. Ministry officials, development partners, and civil society perceptions of the NTF

Ministry officials, development partners, and civil society members are pleased with the VET levy so far, but they note many issues to resolve. Stakeholders were pleased with a number of the NTF’s accomplishments so far, such as employer registration, levy collection, accreditation of training programs, meaningful certificates provided to training graduates, and integration of employers in the levy system’s decision-making process. However, they withheld judgment on the nascent system’s overall success, identifying many issues that still must be addressed. One of the most common themes included the challenges regarding disbursement of levy funds, evidenced by the quick buildup of the funds. According to many stakeholders, the

grant process for employers is too cumbersome, which may compromise how the private sector views the levy in the future. One donor staff member noted, *“If you ask quite a number of organizations who are paying the levy, ‘So, you are paying the levy; do you normally get [a] refund?’ they will just say ‘Ag! The system is not worth the effort.’”* One respondent thought it imperative that the NTA do another round of orientation for the public and private sectors to ensure that people know the processes for accessing funds. There is also an issue of how to address short courses that are not accredited. Development partner staff and other stakeholders also mentioned the challenges in identifying accredited training providers and the difficulty that training providers face regarding registration and accreditation requirements in order to be funded. In addition, one stakeholder mentioned that it will be important for the NTA to make sure the system can properly screen against unqualified and unscrupulous training providers. One ministry official also stated that the levy should be studied within the next two years to determine its impact on Namibian youth.

Some stakeholders underscored the need for greater transparency and communication from the NTA. There were very few critiques of the NTF’s work, but one focused on transparency and communication with stakeholders. In particular, a MHETI official mentioned that it is difficult for people outside the system to see what is happening inside and that awareness of the levy system is lacking. A board member echoed this sentiment, noting her experiences talking with ministry officials who were not as informed as they should be regarding the NTA and the levy system. The ministry official we spoke with mentioned that the NTA can do more to keep the government and other stakeholders informed so that they can engage and respond to the NTA. For example, stakeholders want to ensure that the system is targeting the proper skills and that employers can benefit from these new skills.

B. Systems and staffing

For the NTF to operate effectively, the appropriate systems and staff must be in place. The NTA has filled all positions, but more staff might be needed to run the NTF optimally. The NTA board and NTF council appear to support the levy system without notable issues. However, the LCDRS—the management information system (MIS) developed to manage levy payments and fund distribution—is performing only its basic functions, and all system components have not been integrated, hampering the system’s efficiency. Report generation, for example, requires a great deal of manual work, which diminishes the value of the LCDRS. In this section, we discuss the NTF’s organizational and management capacity, as well as the MIS and reporting systems.

1. NTF organizational and management capacity

All the structures necessary for the NTF to function have been established; all the key positions have now been filled, but additional capacity might be necessary. All positions within the NTF structure were staffed at the time of data collection, which was a success achieved in the previous year. An NTA senior management staff member noted that it now has the capacity to take on the NTF-related tasks entrusted to it: *“I think we have people now. When we started, it was difficult. It was a new concept, but now I think we have people and capacity that are driving the whole process.”* Despite being fully staffed, some readjustments and realignments within the NTA might be needed to better align with the tasks ahead. In particular, several stakeholders noted that more staff may be needed to handle employer applications for grants for training conducted, which could not be processed as quickly as desired for the 2015

submissions; also, a new department to handle IT development and operations is in the works. According to a former MCA-N manager, the NTA is still understaffed and could benefit from 30 more staff. He suggested that the NTA could use unspent levy money allocated for administrative costs (15 percent of levy collections) to outsource project management units; however, this could add some strain for NTA management staff, since the outsourced units would need someone to oversee them. NTF administrative levy funds could also be used to hire more permanent staff, but the same respondent noted that NTA staff were reluctant to hire more permanent staff than the current structure allowed. The NTA had been planning a business process review since 2015, but only started the process in September 2016. The government could also invest in expanding the management capacity of the NTA. In addition, a permanent CEO was not in place at the time of data collection. However, after a number of years operating with an acting CEO, in June 2016 the NTA board appointed the current acting CEO as permanent CEO for a five-year term.

The NTA board supported NTF development. The NTA board's accomplishments in the past year included setting up internal policies and creating strategic plans for the NTA. During the year before data was collected for this evaluation, the NTA board approved policies to guide NTA recruitment, remuneration, and training policies. It also created the NTA's strategic plan, which defined the funding mechanism to support the staffing needed to operate the NTF. In addition, it identified the priority areas where the funding should be disbursed. This will help guide levy disbursement.

2. The LCDRS

The LCDRS is operational and serves many purposes, but the system still faces several challenges. The LCDRS is an MIS that supports all of the NTF's data needs, including employer registration, compliance, grants to employers for training, training provider data, reconciliations, claims, evaluation of those claims, and so on. The NTF is able to accomplish most tasks needed through the LCDRS, and improvements continue to be made. The system is in its early years, and according to one board member, just having the system running at all has been an accomplishment.

However, NTA staff noted that the system, which is part of the broader VETMIS, faces many lingering challenges. The main challenge is the lack of integration between several branches of the MIS, such that information added in one part of the system does not flow to other parts. These challenges arose primarily from a disconnect between the service provider hired to create the MIS and the NTA's needs. Presently, the finance, human resources, levy collection, VET management, and VET assessment departments each have software systems developed by various companies. The service provider contracted to develop the LCDRS did not understand the magnitude and complexity of the entire NTA system, and the lack of comprehension resulted in several systems that do not completely interact. The lack of integration causes several issues—for example, the NTF web-based system is not able to integrate employers, service providers, and the NTA system. To address this problem, IT system developers had to tweak the LCDRS to align it with the other components of the NTA system. In addition, the NTF faces challenges in processing large files submitted to the system by employers. Moreover, the link needed between the LCDRS and the training provider data system does not work. The training provider system was created to capture trainee data and other information from the training providers (for

example, available funding, expected spending, geographic data, and background information). The link between the LCDRS and the training providers would facilitate data gathering from training providers so that the NTF could oversee accountable and timely disbursement of levy funds to finance trainings. Without an integrated system, it is very challenging for the NTA to administer collection, implementation, and disbursement of funds. To make matters worse, the NTA's current service provider is slow to respond to problems, since it is located in South Africa and must travel to Namibia to solve even the smallest issue.

The NTA is taking a few steps to address these MIS challenges. It is bringing on another service provider to complete the remaining work on integrating the multitude of systems, and meetings with the new service provider were under way when data collection for this report occurred. In addition, the NTA is in the process of recruiting an internal IT professional, which might be followed by the creation of an internal IT department. This is still in the planning stage and would require input from other NTA departments. Moreover, the NTA is working to strengthen the MIS in place to facilitate collection of additional data that would allow it to assess the effect of NTF funding on employer-provided training.

3. Reporting system

Reporting on the amount of levy collected and disbursed is a key component of the NTF's transparent governance. Stakeholders also recognized the importance of reporting, particularly to keep key policymaking bodies appropriately up-to-date so that they can make informed and timely decisions to improve vocational training and skill development in the country. The LCDRS and other parts of the MIS could facilitate efficient reporting on the NTF's progress. We discuss the accomplishments and challenges related to reporting below.

Part, but not all, of the reporting system within the LCDRS is operational. According to NTA staff, although the integration of the entire MIS system is not complete, the section on registered employers for levy collection and disbursement is complete, and generation of reports is working well with the registered employer data. Reports can be customized for various needs. At the time of data collection for this evaluation, reports on the amount of employers' contributions, how many employers have paid and have not paid, monthly or annual collection amounts by sector/subsector/town, the number of employer claims that have been approved and the corresponding amount, and so on were being produced. However, the NTA staff notes that integrating the rest of the system is necessary so that reports can be more comprehensive. At the moment, the NTF is still challenged by the lack of a reporting ability for procurement and provision of training. One NTF respondent noted that it has developed a NetSys for use by training providers to capture trainee data that will fit into the MIS data, but that arm was not working at the time of data collection. Consequently, training providers must submit reports manually, although they should be able to do so with a click of a button. Also, NTA staff should be able to draw down comprehensive reports from the information they are adding to the system, but they are not. Part of the effort to integrate the MIS systems within the NTA will include the ability to generate proper and acceptable reports from all system components.

Stakeholders are pleased with NTF reports, despite reporting system difficulties. Despite the problems with the MIS system, NTF staff are creating reports needed by stakeholders. Many of these reports require manual processes that should be automated, requiring more time and effort and limiting the analyses that can be conducted. Respondents

recognized the inefficiencies and were aware of the next level of reporting that they should be able to obtain but cannot. For example, one board member noted that the reporting system does not export comprehensive reports automatically. Therefore, when board members needed information, an NTA colleague had to come and give it to them when they should have been able to get from the MIS. Nonetheless, thus far stakeholders are pleased with the quality, timeliness, and informative nature of the reports they receive. Reports have been generated for the MHETI, Ministry of Finance, NTF council, ISC meetings, and internal management discussions. An update as of October 2016 noted there is a process underway to ensure ongoing reporting to employers and all stakeholders as well. The reports were used for sharing information with the press and media. One stakeholder highly praised the NTA in terms of briefings, noting that it provides concise, helpful reports without complaint. Board members also were pleased with the reports they have received and found them to be very useful. However, they noted that MIS improvements would probably yield reports and results they did not know they were missing.

C. Management of funds

1. The NTF levy's role in the overall vocational training landscape

The NTF levy does not replace but serves as a supplement to other sources of funding for vocational training. The Vocational Education and Training Act of 2008 established the NTA and the NTF. The Act covers all vocational education and training in Namibia other than that related to the Defense and Police forces. The NTA must implement the national policy for vocational education and training, and all money to implement vocational education and training in Namibia and money to administer the Act goes into the NTF. This money consists of money from Parliament, levy money, donations, donor funds, interest on Fund investments, penalties, money received by the NTA for the provision of goods and services, and any other money received by the NTA. The NTF *levy* is set to restructure and greatly expand the access to and quality of vocational training in Namibia. However, due to the restrictions on how *levy* money can be used, NTF levy funds cannot replace existing funding for vocational training. Levy funding can be used only to fund key priority areas; thus, traditional trainings that are not included in the priority skills areas cannot be funded by the levy. In addition, levy funding cannot be used for labor and operations costs; such funding is necessary for VTCs, for example. Third, according to NTA staff and board members, a recent pre-feasibility study conducted by the NTA shows that Namibia's training needs in the next 5 to 10 years will certainly exceed what the levy will yield. In fact, the study estimated that there might be a need for the government to inject still more funding into vocational training. For all of these reasons, there is a need for funding of vocational training through the existing system under the government's revenue budget. In addition, many stakeholders noted that government funding is also being used for key priority trainings in conjunction with the NTF levy funds, as well as traditional non-key priority trainings. While the NTF is collecting more than the target amount in levy funds, it is not enough to ultimately meet the needs set out by its mandate. NTA staff hope that the current amount of levy money in the bank that has not yet been spent due to current bottlenecks will not spur donors or the government to reduce investments in vocational training, since longer-term needs are likely to be greater than what the levy can meet.

2. Allocation of funds

The NTF is allocating levy funds in accordance with the regulatory formula. In accordance with the provisions of the VET Levy Regulations and Notice, gazetted in January 2014, all levies that the NTF collects are to be distributed by the sharing formula that allocates 35 percent for key priority training grants, up to 50 percent for employer training grants, and a ceiling of 15 percent for the NTA's administration costs. The NTA board and NTF council play important oversight roles regarding how the levy funds are allocated and disbursed. The NTF council is responsible for establishing the criteria for disbursement of funding, which were sent to the NTA board for approval in late 2015 (at the time of data collection for this report). In addition, the board ensures appropriate allocation of the funds and provides guidance on disbursements. Respondents confirmed that the NTF is strictly adhering to the allocation percentages, and no respondent expressed any doubt about the proper allocation of funds.

Funds remaining from allocations for employer grants for training conducted and NTA administration are transferred to the key priority training grants. Several NTA staff members and other sources noted that in 2015, the NTF did not spend up to the 15-percent threshold of levy funds for administrative costs; it used only 7.5 percent of the funds. Therefore, the remaining money was transferred to the key priority allocation. In addition, although levy funds go into the NTF, the NTF also receives funds from the Namibian government and donors, as well as from interest on investments. These additional funds can also be spent on key priority areas. In an effort to be transparent, the NTA publishes in local newspapers the amount of levy funds collected and used.

3. Cost of administering the system

The NTF administration cost during the first fiscal year of its operation was less than half of what could be allocated from the levy funds. As of the end of March 2016, which was the end of the 2014/2015 fiscal year, the NTF had collected about N\$266 million through the VET levy. Up to 15 percent of that amount (or about N\$40 million) could have been allocated to NTF administration, but only 7.5 percent (N\$19 million) was actually spent on NTF administrative costs (Nakashole 2016). As mentioned above, the remaining N\$20 million was then set aside for key priority training grants. According to several stakeholders, it may appear that the funding for administration is sufficient; however, the difficulties in finding training providers and disbursing funds seem to indicate that more human resources are necessary for proper administration of the funds, and it is likely that administrative costs will increase in the future. One development partner suggested outsourcing administrative tasks (for example, reviewing materials submitted by employers with grant claims) to address the bottleneck in the distribution of levy funds for key priority trainings and employer-provided training; the NTA has not deliberated the idea.

4. Procurement of training in key priority areas

Key priority areas are supposed to receive at least 35 percent of the levy funding and can include government priorities; ISC priorities; or priorities based on the NTA Strategic Plan, the Fourth National Development Plan (NPC 2012), or the recently announced Harambee Prosperity Plan 2016-2020 (GRN 2016). The NTA board must approve key priority areas, and funds in this allocation can be spent only on these areas. The systems developed during the VTGF pilot phase,

such as performance-based payments, are what are in place currently, confirming that NTA is using the experience gained in managing the VTGF pilot.

Funding is not allocated equally by sector or industry. Currently, there are no set amounts allocated per sector or industry, as the key priorities determine where funds should go. In addition, training costs can vary greatly, depending on the industry. For example, a training for heavy equipment operations is likely to be much more expensive than office administration because heavy equipment required for the training is quite a bit more expensive than what would be required for office administration training. The NTF staff have been working to develop a framework that has ratios of funding for each priority area; the ratios change when something has been funded, when a new priority gains precedence, or when the fund grows or shrinks.

Disbursement of funds has been a challenge. As mentioned above, most stakeholders agree that the NTF has not been successful at disbursing levy funds. Stakeholders noted that proper planning did not occur before the disbursement process had to be started. One NTA board member noted, *“When the levy was implemented, there was no blueprint of where funds would go. Once funds were coming in, NTA was still looking at the larger picture of where funds should go, but they did not have the information they have now.”* NTA staff are keenly aware that the money they have collected needs to be spent. As one NTA staff member noted, *“We don’t want an instance where we have millions in the bank account. ... We want to utilize the funds because we did not set up the levy to collect people’s money ... just to keep it.”* Another noted, *“The money is coming in, but it is not easy to meet demand.”*

The largest challenge in procuring training has been finding enough qualified training providers. The Namibian vocational training sector is too small to meet market demand for training and fulfill the training requirements identified by the priority areas. According to two NTA staff members, there are only 35 accredited training providers in Namibia, most of whom offer the same qualifications, in fields such as hospitality, tourism, or office administration, which are now saturated. In addition, there are new and emerging qualifications in fields such as agriculture or heavy machinery used in manufacturing, which are national priorities, but for which there are not any accredited training providers in the country. Therefore, the biggest challenge in disbursing levy funds and procuring training in key priority skill areas has been finding enough training providers who meet the criteria of accreditation and the level of experience required. As one board member noted, *“The challenge that we are having is that ... we might have the money, we might have the students, but we might not have the institutions to absorb the numbers that we want to put through the system. So, I think we have national challenges in terms of, ‘I have this 100 students that I have to train, put through this, but where do I put them?’ ... We can obviously not take the levy money and build establishments, so I think that is the problem; we might have the money and enough students, but we might not have enough institutions.”*

Many respondents detailed the challenges of finding appropriate training providers in the country and the ultimate need to go out of the country to procure training. Trainers are being procured from South Africa, and some even from Europe (namely, Spain and Germany). Trainees are also being sent to outside training centers for advanced trainings, which is vastly more expensive. In addition, training providers who are available in Namibia, such as the VTCs, need upgrading. Stakeholders noted that trainers need to build teaching skills and higher levels of

technical certification. One NTA board member also noted that the skill level of the VTCs in terms of financial management needs to be upgraded. He noted, *“When we audit them, we find they are unable to keep records on how the fund is managed. We have put a program in place to train them in how to use available funding.”*

The registration and accreditation requirement has become a bottleneck to procuring training providers. The procurement process established by the NTA under the 2008 Act requires that training providers be registered with the NTA and accredited by the NQA before they can receive priority skills training grants. The registration process ensures that providers meet certain physical infrastructure standards (for example, clean kitchens and sufficient ventilation) and have qualified staff. The registration process also determines the unit standards and levels of training the providers can offer. The bureaucratic process for registration can be tedious for training providers. In addition, training providers must become accredited by the NQA, and the courses they offer must be accredited as well. As we noted in Section A.5 of this chapter, accreditation can also be a laborious and long process that duplicates the registration process. This has caused confusion and discontent among training providers, employers, and the NTA. Many existing and new training providers are still getting up to speed with the accreditation requirements, which is slowing the process of procuring training.

The procurement process is thorough but slow and inefficient. The procurement process starts when the NTA announces requests for training providers to provide specific trainings. Training providers submit proposals that the NTA reviews. One step in the review process is checking costs. The NTA has developed a unit cost calculator to benchmark costs per trainee for specific trainings, thus allowing for a comparison among training providers. Twenty occupations offered by the VTCs have been costed using different categories, including direct training costs, overhead costs, and equipment costs, to come up with a cost per training provider. One NTA staff member noted that the costing exercise can be used to find potential inefficiencies, while another noted that the costs for trainings at VTCs tend to be very high and can differ greatly from center to center. While the NTA board does not occupy itself with the NTA’s day-to-day operations, one board member noted that it does check the unit costs among training providers and investigate any issues that are reported to the board.

The NTA submits the tenders from companies or organizations that offer to do trainings to the technical committee of the NTA board, which further advises whether those providers should be approved. To avoid potential conflicts of interest, the technical committee is not involved in collecting the levy or distributing payments. Its sole job is to check whether the firms who are chosen to give trainings with levy funding have met the requirements and expectations. As a member of the technical committee noted, *“[The technical committee’s] part is the quality assurance part... We almost become the guards or watchmen. We make sure that the money that goes to preferred training providers goes to the right channels, not in terms of the payment but in terms of the services that are provided.”* Another stakeholder concurred that to ensure the funds are used appropriately and guard against fraud, applications from training providers go through several review processes in line with the NTA’s procurement policy and the delegations framework. However, he noted that this can be time-consuming, as various committees review the same information and ask the same questions. The lack of efficiency means the process can take months, frustrating training providers.

Trainings are slowly being procured using the NTF fund. Since the inception of the levy, five training providers were procured in priority areas that were identified in the Fourth National Development Plan: hospitality, manufacturing, logistics, and agriculture. Three of the training providers are Namibian; the other two are based in South Africa and cover the agriculture area, as there is no accredited training provider in Namibia for agriculture. At the time of data collection, the NTF had just finalized the second round of financing in key priority areas and was about to engage with about six or seven training providers. In addition, two groups of trainees have gone to South Africa for welding, boiler making, fitting, and turning. Bursaries were given to procure the trainings outside Namibia and send the roughly 60 trainees to South Africa. All trainees signed a contract, obligating them to return to Namibia to work, thus alleviating and concerns regarding whether they would come back. Reflecting on the accomplishments of the preceding year in terms of funds going out to key priority areas, one board member noted that priority areas were identified and some people were trained. *“That’s the impact—many people got trained in key priority areas,”* he said. An NTA staff member also noted, *“We were able to invest money in training 1,100 beneficiaries only in the first year of implementation, so this is another success. Some of the courses we are going to be implementing are entrepreneurship for the selected veterans, [and] it is not only about them getting a job, but they [will] need to be mentored and coached to become entrepreneurs. So these are some of the projects we are investing in.”* An update in October 2016 described trainings that had been procured so far as based on the occupations identified in the skills development plan as well as other identified priorities such as RPL, support for production units, and so on. Approximately 1,800 trainees were receiving support from the Key Priority allocation, and approximately N\$ 90 million had been committed.

Other stakeholders would like to see the process accelerate. As mentioned above, several stakeholders believe the NTA needs more staff to move through the current barriers. Said one development partner, *“It’s too slow, and there just aren’t enough people.”* An NTA staff member echoed that opinion, noting that the demand from the industry is huge and that the NTA will likely need more money and more staff to manage it. Two other key stakeholders suggested using the levy money that they are unable to disburse now, due to the aforementioned barriers, to upgrade the country’s vocational training infrastructure. They thought this would be something that could be done now to improve vocational education and use money that has been sitting in the bank. Discussions with stakeholders in Namibia in February 2017 suggested that some unspent funds intended for high priority training have been used for capacity building to support the accreditation of registered training providers and specific courses (for example, at COSDECs). This builds on the VTGF pilot, which included capacity-building grants in addition to grants for training.

5. Grants for employer-provided training

As the VET levy regulations state, up to 50 percent of the levy funds must be allocated for employer-sponsored training grants, to be paid to the employers who paid the levy. Employers can be paid up to half of their levy contributions for trainings they have procured from external providers, trainings conducted in-house, and eligible approved items. Employers who have paid the levy are eager to see levy money flow back into the industry to fund training; however, as of October 2015, only 356 employers had submitted applications for grants. At the time of data collection, no employer payments for grants had yet gone out, although the NTA had just

approved the first batch. Barriers to the smooth running of the grant system include the aforementioned delay in the development of the IT system (LCDRS), a lack of established guidelines for approvals, and a lack of staff to process applications.

The NTA did not meet its internal goal for grant payments within a month of application for trainings provided by the employers. The 356 levy-paying employers who applied for grants for training costs have experienced delays in the processing of their claims, which has been a source of frustration for them, according to NTA staff and NTF council members. This frustration was recognized by the NTF, whose staff worked hard to pay employers as quickly as possible. Acknowledging the failure to meet the goal of payments within a month of an employer's submitted request, one senior NTF staff member said, "*The last thing you want to do is frustrate employers.*" In an effort to show their focus on making the grants work, the NTF staff worked hard to pay the biggest contributor to the fund first, which contributed about N\$36 million to the NTF in the first year. The NTF worked to give back N\$18 million to this employer, to send a signal to the other payers that the process will work.

Untested systems and processes and lack of staff posed problems. The first challenge the NTF faced in the employer grant process was presented by the claims portion of the LCDRS. The system was not fully functioning until the last few weeks before submissions began, and NTA staff noted the difficulties and extra work required to help employers submit applications. The NTA extended the deadline for submissions to allow employers to apply, and a senior NTF staff member viewed it as an accomplishment that it was able to receive employer claims at all during the first year.

Once submissions came in, a small team of four NTF staff faced a mountain of documents to review and approve in a timely manner without guidelines or criteria to determine whether trainings or submission evidence met set definitions. In addition, many employers submitted claims only in the week before the deadline, further concentrating the work. The team spent a great deal of time turning subjective criteria into agreed-upon and clear guidelines that they could consistently and reliably apply. There was wide variation in the completeness and length of materials submitted, which resulted in the team sending back many claims. Unfortunately, high staff turnover on the employer side created additional challenges in gathering training evidence after applications were reviewed, as many of the people who were trained had left; if evidence had not been collected at the time, it was not possible to collect it later.

In response, the NTA established a technical group to provide technical assistance to employers, and the employers could call and seek assistance. The NTF team also responded by sending a group of staff to provide technical assistance in the Windhoek and Erongo regions, where the majority of employers are based, as well as providing a one-month extension to companies that requested it and longer if claims were sent back. At the same time, the NTA audited 20 percent of the employer submissions to verify claims. Again, with only four staff, this month-long process stretched the staff. However, NTA staff think that the validation process established the importance of submitting credible data when seeking grants. They also reported the successful endeavor received positive feedback from employers.

Employers' frustration with this process has been clearly recognized by NTA, and it is considering a few ideas to improve the process. In addition to hiring more staff to review claims

and potentially outsourcing some of the work, the NTA staff suggested that the NTA should improve communications with employers to smooth the data-gathering process; the NTA staff also suggested that the NTA should create rolling deadlines throughout the year for different employers to spread out the approval work. The NTA has not yet determined whether employers have provided training they would not have otherwise, as they have yet to scrutinize the information received or hold intensive engagements with employers to ascertain this.

D. Measuring and responding to market demand for skills in priority areas

Properly understanding and responding to market demand for skills is necessary to ensure effective use of the 35-percent allocation of levy funding for priority skills. A well-aligned allocation of resources to skill development would help meet industry needs, better serve youth with relevant trainings, and potentially improve the image of vocational training in Namibia as trainees are quickly employed by the industries. We asked key stakeholders about how the NTF measures and responds to market demand for skills, and the following is a discussion of what we learned from their responses.

1. Measuring market demand

The ISCs identify market demand. There are 10 ISCs, consisting of members from a wide range of industries who are charged with identifying market demand in their sectors. Their work is funded by the NTA operational budget, which is part of the NTF, as per the VET Act. While bringing their own perspectives, ISCs also consult with their respective sectors to understand the training needs and emerging trends in their areas through discussions and surveys. The process of identifying market demand begins with ISC-commissioned research. Guided by the Research and Planning Division of the NTA, the ISCs outsource research following a public procurement process to the most suitable institution. The researchers send questionnaires to companies in the ISCs' sectors, and the companies identify their needs and areas where finding trained workers is challenging. Intensive engagement is then carried out between the researchers and the ISCs to ratify the outcomes of the research conducted. The survey data are compiled into reports, which are shared with industry members for verification and approval. Meetings of industry members are convened for this type of feedback, and the reports are shared within the industry to ensure accuracy. Once the input is fully vetted by a wide variety of industry members, the ISCs finalize the reports, approve them and send them to the Board for approval. Several stakeholders noted that this process is conducted by ISC members who already hold full-time jobs. In addition, ISC members are encouraged to go back and consult with their constituencies regarding skill needs, but since there is no national register of companies in each sector, members consult with the industry and companies with which they are familiar and may unintentionally leave out others. As a result, stakeholders recognize that the research and vetting processes are not always carried out in the ideal fashion, and thus the process of measuring market demand is not perfect. Nonetheless, stakeholders noted that the ISCs and this process are crucial in identifying key priority areas to ensure appropriate allocation of resources to training programs so that the proper skills are targeted by the levy system and companies benefit from a more skilled workforce. ISC members we interviewed also recognized the importance of their work.

An industry's or a sector's development level could affect its ability to advocate for its needs. Several stakeholders noted that interactions between the ISCs and their industries and sectors can differ. More developed and organized industries and sectors are able to more

effectively advocate for their needs. Some industries already have industry bodies, such as the Chamber of Mines. Some industries and sectors, such as manufacturing, have national associations to advocate for their interests. One ISC member noted three sectors that are the most vocal at quarterly meetings: tourism and hospitality, manufacturing, and mining. There are also representatives from some industries who are more diligent about attending ISC meetings, so they know the story from the beginning, while others are new and still wonder what this is all about. For all these reasons, there is some risk of a gap between the skill needs prioritized for an industry or sector and their actual needs, and this gap likely varies by an industry's or a sector's development level. Nevertheless, respondents stated that during ISC meetings, all ISC members participated equally and that all the ISCs were equally active and operating the same. As one ISC member noted, *"I haven't really seen someone who is more powerful than the other; we rotate chairmanship [of the ISC, and] there is always a facilitator...at the end of the day we all contribute."*

More effort might be required to ensure adequate representation of the interests of low-skilled workers and small companies on the ISCs. The ISCs comprise senior and seasoned people from the industry, as well as junior personnel, trade unions, and owners of small and medium enterprises (SMEs). Members are selected through an open process, either applying through advertisements placed in local media or being nominated by their respective industry bodies. All applicants are reviewed, and selected candidates must be approved by the NTA board. A number of respondents agreed that their ISC was inclusive and offered a fair representation of their sectors, while several found their ISCs somewhat, or not at all, representative. One NTA staff member noted, *"Representatives from smaller companies do come, and not just the big fishers."* But those who found ISCs less or not at all representative stated that there was inadequate representation of the lowest-skilled workers and members who started from the ground level. As one ISC member noted, *"There are few workers represented; mostly it is management and CEOs."*

Several NTA staff members, NTA board members, and other stakeholders noted the efforts to ensure that the ISCs were inclusive. Of special note were efforts to include SMEs, a mix of small and large companies, and trade unions, but the success of such efforts is unclear. A potential barrier to inclusion is the time required of members to participate in the ISCs. Since members are representatives from industry, they are still working in addition to participating in the ISCs, and there is a heavy demand on their time to function optimally. Most, if not all, ISC members work full-time, so tasks they perform for the ISCs must be scaled to the time available. One ISC member noted quite a bit of turnover on the ISCs and suggested that one of the reasons could be the time they have to devote to the ISC. A few stakeholders thought that additional marketing campaigns should be done to make sure the ISCs are inclusive and representative of the industry and include officials who are impactful. On the other hand, one stakeholder pressed for more high-ranking industry members on the ISCs and noted that there is concern about people in the ISCs not being always at the top and the most impactful in their industry.

2. Responding to market demand

Once the ISCs identified market demand through research and consultation, they translated their findings into priority skill needs for their industry in a "sector skills plan" for the next three to five years. Each sector skills plan was sent to the technical committee of the NTA board, who

reviewed the ISC's prioritization of needs and who sent the top five priorities from each sector to the NTA board for approval. The approved priorities were incorporated into the National Skills Development Plan. During this process, the ISCs, technical committee, and NTA board also consulted the national plans, such as Vision 2030, the National Development Plans (NDPs), and the National Human Resources Development Plans. The National Skills Development Plan, which provides details of the types of occupations in demand, the level, and the number of trainees required per occupation, is now the guide that informs the NTF of the priority areas for training in Namibia. The NTF uses this plan to direct funds to fulfill those priorities.

The VET sector is struggling to meet training demand. As noted earlier, procuring training to address high-priority skill needs has been one of the challenges the NTF has faced. To overcome the lack of training provider capacity within Namibia, the NTA board recommended that the fund procure external providers and not focus solely on Namibia. As one NTA staff member noted, *"The target is 25,000 trainees [each year], and it should grow every year. We do not have that many training providers in the country, and not only that, training providers that are accredited. This is the biggest challenge. ... and most do not have the skills identified, so at the end of the day we find ourselves in a situation where we send trainees outside of the country, and it is very expensive."* However, seeking expensive, outside training provision will not be enough. The VET sector needs to greatly expand capacity to meet demand. At the time of data collection, the NTA fell short by about 10,000 trainees in meeting the MHETI's target of enrolling 25,000 trainees for all vocational training each year. As a senior NTA staff member asked, *"Now, where are we going to put this 10,000? The need is so huge we need a lot of funds to inject in the sector. The money [from the levy] is coming in, but it is not easy to meet demand."* The 2015 exam results for grade 10 showed that another 17,000 students did not qualify to continue formal schooling (staff reporter, *The New Era* 2016c); they could be absorbed into vocational education and training, but the training providers do not have enough capacity to accommodate them.

Capacity-building grants are being offered to improve training provider capacity. One process the NTA has established to increase Namibia's training provider capacity is capacity-building grants. These grants can be used to help training providers procure equipment or train instructors so that they can increase their capacity to expand from, say, training level 2 to level 3. While expansion of training capacity is slow, the current processes do protect against unscrupulous training providers who are simply trying to access funds. As one stakeholder noted, *"I see people coming with proposals thinking they can get immediate funding but run into the barrier of accreditation. But also those guys with the proposals are kind of sloppy. They are maybe the briefcase ones who are sniffing the money."* An NTA staff member concurred, noting that the registration and accreditation requirements are good in terms of regulating the mushroom growth of training providers. Noted another NTA staff member, *"We encourage them to go through the process. ... Some of them comply ...and some of them don't."*

Recognition of prior learning (RPL) is another way to meet demand for skilled labor. Another innovative way in which the NTA has been trying to meet demand is through the development and expansion of the RPL program. One NTA staff member highlighted the experience the NTA had with RPL in the hospitality and tourism sector. The hospitality and tourism ISC was one of the first ISCs established in 2013. When the NTA came into being, there were a lot of tour guides without qualifications, so the NTA introduced licensing of tour guides

in the country. That qualification was registered with the NQA, and a relevant training provider existed in Namibia. What was identified was the mode of delivery—training and skill recognition. Although the tour guides did not need training, those who had the skills but no certification could become certified through an RPL. The NTA engaged the service provider, and many tour guides were assessed and certified.

Despite the challenges, many respondents expressed satisfaction and optimism that the NTA is set up to respond to the market demand for skills and expressed appreciation of the system's accomplishments thus far.

E. Employer-sponsored training

As noted, 50 percent of the levy funds are allocated for employer-sponsored training, to pay employers who pay the levy.¹³ The first round of applications for grants of up to 50 percent of an employer's levy contributions opened in April 2015. As of October 2015, almost 2,500 employees had registered with the NTA, while 356 (about 15 percent) had submitted applications for grants for costs of trainings they provided to their employees. Even though many stakeholders find this percentage low, several NTF staff members noted that it was on par with the first year of grants in other countries. However, many stakeholders identified barriers to employer participation in the grant submission process, including the cumbersome nature of the application process, lack of understanding of the application process, and mismatch between in-service trainings provided and trainings eligible for grants.

1. Grants to employers for their training costs

Employers noted the grant process was unclear and cumbersome. Almost all levy-paying employers we spoke with knew that grants for in-service training were possible, and more than half of the employers we spoke with offered some type of in-service training to their employees. However, all 10 employers interviewed asserted dissatisfaction with the disbursement of training funds, and only one employer actually submitted an application for a grant. Half of the employers we spoke with noted that they were not informed on the grant process; others found the current process too cumbersome to access grants or not worth the effort to figure out, at least yet. A staff member at a donor organization also noted that the cumbersome process is a barrier to many employers seeking grants. He noted that if we were to ask a large number of levy-paying employers whether they applied for grants for training they provided, they would reply, *"The system is not worth the effort. ... [the] procedures and processes are now too cumbersome, and companies just pass the cost on to the consumer."* This sentiment was echoed by almost all respondents, both at the NTA and among employers. As one respondent stated, *"There is nothing wrong with the idea or implementation; all that is wrong is the administration."*

The NTA needs to conduct extensive outreach and technical assistance to support employers with the grant for training process. Despite the NTA's initial outreach, many employers still claimed confusion over the requirements of the grant process. To overcome challenges in the first year, the NTA conducted trainings with employers, provided technical

¹³ There are three criteria for grants: (1) the employer must be current on levy payments, with no penalties; (2) grant applications must be submitted on time; and (3) employers must submit evidence of the implementation and actual cost of the training.

assistance, and granted extensions. Employer dissatisfaction suggests that this initiative should be continued to reach as many employers as possible to ensure employers' continued participation in the NTF. Improving the grant process will instill confidence in the system and potentially increase the number of people trained by employers. Said one employer, "*If we can be refunded and if we can be sponsored, we can send more people for training—and not just any training, but quality training that is available out there.*"

Employers find the definition of employer-provided trainings eligible for grants restrictive. In consultation with the NTA board and other stakeholders, the NTA finalized the criteria for the types of vocational training that would be eligible for grants.¹⁴ The criteria were finalized only months before the first round of grant applications were due. At the time of data collection, at least half of the employers we spoke with did not know what constituted eligible training or what evidence needed to be submitted for grant payment. The fact that the definition came within months of the submission date also did not allow employers to ensure that their in-service training offerings for the year were eligible, nor did they know ahead of time the types of evidence that must be collected or kept for submission.

Several employers and other stakeholders expressed frustration that employers who provide useful training for their employees that does not fit the current criteria cannot be eligible for grants. One stakeholder gave an example of a short course that could be developed by an accredited training provider specifically for an identified need in customer-service protocol. Even if this is successful and addresses the employer's need, it does not allow the employer to apply for a grant if it is not accredited. Others noted that in-service training is often informal, such as a senior person showing a junior person how to do a job, or training a new hire. The definition of which trainings are eligible for grants often does not fit the types of in-service training currently conducted. In addition, VET is currently considered level 5 or lower, with levels 6 and 7 considered to consist of some type of a diploma. Companies want their employees to go higher, but they cannot get grants for training for levels higher than level 5. Business and finance, for example, are already level 6 and 7, respectively. An NTA staff member discussed an example of one employer saying, "*Currently, they are the second-largest contributor, but they cannot [be apply for grants] because the training they provide to their people [is too high a level].*" The NTA recognizes this limitation, and a senior NTA staff member noted that at the beginning of 2016, the NTA board would determine how the NTA can expand the definition with additional criteria.

Another critique was that the amount of the grants was too small relative to the amount some employers spent on training. The current system can also be disadvantageous for smaller employers who do not have dedicated staff to process grant applications, or for whom the effort to receive funds simply outweighs the grant.

¹⁴ Trainings eligible for grants are: (1) all accredited vocational education training courses from levels 1 to 5; (2) short courses not accredited but related to accredited programs; and (3) NTA board-approved exemptions for training courses not accredited but vocational in nature.

2. Profile of employers applying for grants for in-service training

Only 15 percent of levy-paying employers applied for grants this year. Among employers who applied, the highest number of claims have come from the financial sector, then mining, quarrying, and construction; the lowest have been from the agriculture sector, and the second-lowest was from the public-administration sector.

NTA staff expect that the percentage of levy payers seeking grants for training will grow. Among employers we spoke with, many would like to take advantage of the grants. Expectations among employers are that the levy funds will spur training quality improvements and expansion in relevant training options that employers can take advantage of to train their employees. One employer noted that with the levy grants, the employers can train more people than in the past, when resources were scarce.

F. Employer satisfaction with the NTF's role

Employer satisfaction with the NTF is of paramount importance in keeping the system running. Employers so far are compliant and hopeful that the NTF will have the impacts projected. Employers are critical of certain elements of the NTF, but they are also optimistic that glitches can be worked out.

1. Employer perceptions on the NTF creating a trained workforce

The levy has pushed the agenda of quality training to center stage and has compelled both training providers and employers to take greater notice of the NTA. Employers were asked their perceptions of the NTF system and the creation of a trained workforce. Employers noted that by and large there is not yet enough evidence to judge whether the NTF has resulted in higher-quality training or the impact of such training on workers. However, they are hopeful and, so far, willing to wait and see.

Employers are hopeful but withhold final judgement. Employers have mixed reviews about how well they think the levy will work in creating a trained workforce, but most said it is too early to judge. Overall, many employers are hopeful. Five of the 10 employers we spoke with were satisfied with the NTF and thought it was a good use of funds. As one ISC member, who is also an employer, said, “[The NTF] is a success story to tell because we have managed to send our own people for studies, and that is a positive thing.” Another employer thought the levy was okay for now but had not yet benefited from it. Another employer thought the levy was okay, and supported the intention, but was wary of its actual application: *“I would rather not say we are satisfied because up-to-date we are still not there...In terms of training for [employees], none of that has taken place yet.”* One NTA board member noted that while not all employers are satisfied with the NTF, their perspectives are changing from reluctance to giving it a try. However, he also pointed out that *“perhaps we should give it another 6 to 12 months to see the entire project roll through and another 2 years to see if there is real impact.”*

2. Employer perceptions on employee performance in key priority areas

It is too early to accurately assess trainee performance. The 2008 Act has gone a long way in improving the image of the VET sector and prompting government, donors, and civil society to improve the opportunities, quality, and funding for vocational training. However, at the time of

data collection, it was too early to assess the levy's impact on the performance of employees trained with levy funds in key priority areas because the levy was only in the second year of its operation. While some key priority skills trainings had started, employers did not feel they could assess their impact on trainee performance.

In general, employers noted that there was room for improvement in their employees' skill levels. Several stated that it would be interesting to see if their needs are better addressed when the first trainees start entering the labor force. One employer noted that currently, it closes the gap in its employees' skill levels by providing additional in-house training. Another employer stated that there is a lack of discipline at some state-run vocational centers, and employers prefer taking students from the Namibian Institute of Mining and Technology (NIMT) because graduates display a higher level of discipline. However, another employer contradicted this assertion, noting that it takes trainees from all VTCs and that, in general, the performance was good, with some skill areas stronger than others. This employer praised the NTA and encouraged it to continue its work. Nonetheless, it is important to note that the employers were speaking in generalities, not about levy-funded trainees.

G. RPL certification program

The RPL program was designed to confirm pre-existing skills for Namibians who had spent years in a particular labor market without any formal certification of the skills they had gained through on-the-job experience. The RPL pilot, which was funded under the Namibia compact, successfully granted certificates to 130 candidates in the tourism and hospitality sectors; a few qualifications were granted in road construction as well. The recipients reported positive experiences. The NTA is working to extend the program, but it has been slow to get started.

1. Implementation of RPL after the end of the pilot program

After the end of the successful pilot program, there had not been any new training cohorts that completed the RPL program at the time of data collection. The NTA was in the process of putting in place a more permanent program, but according to one NTA staff member, progress had been slow due to lack of advocacy. The NTA did have a goal of 500 RPL candidates by the end of the 2015/2016 fiscal year (that is, March 2016) and worked closely with training providers and organizations to help identify candidates for this program. At the time of data collection, 450 candidates had been recruited. The NTA was also expanding the RPL program from 3 sectors to 10 sectors: auto mechanic, metal fabrication, road construction, bricklaying, carpentry, cosmetology (hairdressing), tourism, hospitality, plumbing, and tour guide training. These sectors will be followed by agriculture and assessment of tools. All of these sectors fall under the key priority skills areas identified by the NTA and the ISCs. Several board members and other stakeholders noted that they think the RPL program will and should continue to grow in the coming years in the number of candidates and the number of industries included. One board member also mentioned that RPL tends to be more cost-effective than training programs, at N\$9,000 per candidate. At least one stakeholder noted concern that board members might think that RPL is a cheaper alternative to conventional training, as RPL is a program of assessment and not training.

Procuring training providers to oversee the RPL programs was one of the main barriers to starting the permanent program. The limited number of accredited public providers were already

at full capacity when requests for proposals went out. The private training providers who submitted proposals to offer RPL services had already been awarded contracts for mining training and were currently training with their existing resources. Thus, procuring training providers is slowing implementation of the RPL post-pilot.

Understanding of the program is another area that is holding back full implementation. NTA staff noted that employers, stakeholders, and the public perceive the RPL program as a “shortcut” to receiving certification. NTA staff thought that they need to communicate the importance and significance of the RPL program to employers and other stakeholders to emphasize the change and positive impacts the program could bring. They thought further awareness of this program is also needed to help meet the RPL program’s target.

NTA staff and certificate recipients also talked about ways to better the program itself. Stakeholders thought that to lead courses, the RPL program needs capable, patient, and full-time assessors/trainers with whom the candidates feel comfortable. One NTA staff mentioned that it is necessary for trainers to create a positive learning environment, since RPL candidates are likely to be school dropouts. Several stakeholders agreed that RPL courses should also be taught by trainers and assessors who speak the languages of the candidates, especially for those whose primary language is not English. Final suggestions from stakeholders included that trainers should be aware that incoming candidates have years of experience. Often, RPL candidates are more equipped than trainees who have undergone formal training but do not have much practical experience. Assessors need to study how the candidates do their work and not compare it with the way the same things are done in formal trainings.

2. Perceptions of certificate holders

Overall, recipients of RPL certification through the pilot were extremely happy with both the RPL program and the trainers/assessors who assisted each candidate. Graduates expressed enthusiasm that the RPL program is now recognized and gratitude for the opportunity and the support they received through the RPL process. More than anything, they were thankful to have received their certification.

Job security and mobility increased for some recipients of RPL certification. Of the four RPL certificate recipients with whom we followed up, two maintained the same role, responsibilities, and salary they had prior to the RPL program. One certificate recipient maintained the same role and salary, but her responsibilities shifted. The other one was able to expand her role and subsequently obtain a new job. This recipient did not see an increase in income in her original job; however, she became acting supervisor when her supervisor was away as a direct result of the RPL program. This graduate felt much more secure in her job and later was able to secure a position elsewhere, where her pay increased. Only one of the four recipients had pursued further training, but the remaining RPL certificate holders noted that they hope to do so in the future. At least two recipients were working at their own or a family business.

H. Perceptions of the NTF's sustainability

1. Financial sustainability

Financial sustainability is critical to successful continuation of the NTF. Stakeholders were asked to reflect on the NTF's financial sustainability in the coming years, and implementers were also asked whether the Namibian vocational training sector will be able to absorb the funding raised by the NTF.

Levy collection has been successful, so short-term financial sustainability seems assured. A vast majority of the respondents felt that the NTF was financially sustainable. Eighteen respondents agreed that the funding was sufficient for the foreseeable future, while three others did not feel they were in a position to comment. No respondents said the NTF was unsustainable. However, after giving their vote of confidence, nearly all respondents quickly cautioned that long-term financial sustainability is contingent on employer confidence and proper administration of the funds. Respondents expressed the need to disburse the funds properly and provide grants to employers for training.

There are risks that could make financial sustainability a challenge in the future. Despite the general confidence in the sustainability of the levy, some respondents offered words of caution. One employer summed up the sustainability challenge simply, "*Collection is not much of an issue. The issue is, how do we sustain the levy payers?*" Two respondents pointed to similar levies in Botswana, South Africa, and Mauritius as cautionary tales of programs that accumulated funds but failed to adequately disburse them. One respondent noted, "*We have seen the Botswana example, and we are learning from them. We want to ensure that we can spend funds so that it is sustained.*"

It remains uncertain whether the Namibian vocational training sector will be able to absorb the funding. Five respondents from the NTA, NTF council, NTA board, and ISCs had mixed feelings regarding the sector's ability to absorb the funding, with about half of them saying that the funding would be absorbed and the other half expressing some doubts. A confident respondent noted that the training expansion plan developed by the NTA will provide ample opportunities for investments within the Namibian vocational training sector. A more cautious respondent noted that the money will be spent, but it will likely require funding non-Namibian training providers to do the level of work required, because the capacity of the Namibian providers is just too limited at the moment.

Some of the respondents mentioned additional financial concerns. In 2015, NTA staff members went on strike to demand higher wages. While the strike ended successfully, the increased wages meant less money available to the NTA. Perhaps a larger funding concern is some uncertainty regarding the level of the government's continued support of the NTA, given recent budget cuts. In addition, if there is an economic downturn, the number of employers paying the levy could decrease as their payrolls decrease. Employer dissatisfaction with the current grant process for employer-provided training may lead to decreased compliance as well.

NTA staff, board members, and development partners thought that employer confidence in the NTF would increase if there was more flexibility in the grant for training system. The current criteria for grants were described as so rigid that it excludes employers who have paid the levy

from seeking grants because they would not meet the requirements. One board member suggested that the terms of the VET Act should be loosened. Employers would like more than the current “one-size-fits-all” opportunities to reclaim funding. As one NTA staff member noted, the system needs to be adapted to the situation at hand, to be “Namibianized.” Employers went further, saying they preferred greater diversity in the ways the money is spent. For example, one employer expressed concern that small companies, particularly those below the levy-paying threshold, would not be able to access these funds for their own training programs although they might be the companies that need this funding the most. Others expressed wishes for funding to be more equitably dispersed across sectors.

2. Organizational and management sustainability

Beyond financial sustainability, proper long-term management of the NTF is a top concern of most respondents. Respondents were asked if NTA staff are effectively managing the collection, reporting, and distribution aspects of the levy system for the long term. While most responded with optimism, there were cautions as well.

The long-term management of the NTF is regarded with optimism. The stakeholder we interviewed overwhelmingly regarded the management of the NTF as sustainable, with 13 respondents from varied positions answering in the affirmative, one respondent unsure, and two respondents disagreeing.

Changes are needed to keep NTA employees for the long term and retain institutional knowledge. At the time of data collection, the NTA’s organization structure was fully staffed; however, NTA staff noted that staff were being poached by big employers due to their levy expertise and that keeping core staff was a struggle. Said one staff member from a donor organization, “[It] is not good for a healthy organization to have high staff turnover.” In addition, several respondents inside and outside the NTA stated that for long-term sustainable management, the NTA needed to increase the number staff and build staff capacity—for example, to speed the approvals of employer grant claims. Bringing stability to training center staffing budgets was also suggested. One respondent described the NTA policy of having training providers do an annual budget as chaotic and inefficient, causing frustration among staff and demands for salary increases. He thought changing the current management to a five- or six-year service agreement would ensure smoother operation.

This page has been left blank for double-sided copying.

IV. SUMMARY OF FINDINGS AND IMPLICATIONS

As part of its education project in Namibia, the MCC invested in expanding the availability and quality of vocational training. These investments comprised three subactivities: grants for high-priority vocational skills training through the VTGF, technical assistance to establish the NTF, and improvement of Namibia's network of COSDECs. Based on qualitative data, this report presented the longer-term evolution of the NTF interventions one year after the compact ended. We discussed stakeholder perceptions of final outcomes that might have resulted from MCC's investments in the NTF, as well as expected sustainability. In this chapter, we summarize the study's main findings and discuss their implications for policy and practice. The findings from our first round of qualitative research can be found in our 2015 report (Mamun et al. 2015).

A. Summary of findings

As we discussed in the previous chapter, the NTF had a successful year of employer registration and payments behind it one year after the compact ended. Although the total number of companies in the country eligible to pay the VET levy remains unknown, the NTA successfully registered about 2,500 firms out of an anticipated 3,000 eligible firms. This is widely described as a major achievement. Levy collection has exceeded expectations, with approximately N\$266 million collected during the first year of levy collection (from April 2014 through March 2015). Levy collection is universally seen as having gone extremely well, especially since this was the first year of levy collection.

Ten ISCs are fully established and being supported by the NTA, but further nurturing of the ISCs and the relationship between them and the NTA might be needed. Nonetheless, all ISCs have conducted an analysis of training needs in their sectors and have identified high-priority skill needs, which are now included in the National Skills Development Plan. The relatively small number of qualified training providers within Namibia and their limited capacity pose large challenges for the NTF—levy funds accumulate in the bank while high-priority skills trainings cannot be procured. Training led by those from outside Namibia is a stopgap solution; however, the costs are not sustainable, and capacity within Namibia is not built with those expenses. The training provider accreditation and registration processes have been a major success in ensuring quality training but are also seen as lengthy, cumbersome, and duplicative. These processes create a bottleneck in getting more Namibian training providers into the market, making it more difficult to resolve the insufficient supply.

In addition, lack of preparedness for the first round of employer grants for in-service training caused delays and frustration among employers. NTA staff recognized these challenges and worked hard to overcome problems as they were identified, but these would have been better rectified in a pilot than during full, nationwide implementation. Only 15 percent of levy payers submitted grant applications with training evidence for Year 1. Of those who did not, some did not have trainings that matched NTA's definition of vocational training, and others lacked understanding of the application process or found the grant process too cumbersome. Nonetheless, most stakeholders are optimistic about the NTF's sustainability and continue to reserve final judgement about whether it can effectively manage and administer the VET levy and whether the promised benefits will accrue.

Our evaluation also shows that the lack of integration and tardy operationalization of the full IT system has hampered administration of the VET levy collection, distribution, and reporting system. Thus, there has been an inability to integrate information from one internal NTA department to another, and even from one VET levy component to another. This, in turn, has led to manual processes for some tasks, which was taxing for NTA staff and levy stakeholders.

Although the pilot of the RPL program was heralded as a success, no new RPL cohorts have since been completed, and a more permanent program has not yet been put in place, likely due to lack of advocacy. Difficulty procuring training providers to oversee the RPL programs and a negative perception of the certification by some employers and the public at large were also barriers NTA staff are attempting to overcome.

B. Implications for policy and practice

The findings presented in this report suggest several implications for ensuring the success of the NTF in Namibia as it continues to evolve after the compact and some lessons for implementing similar programs in other countries. The main implications are as follows:

1. The limited number of training providers in Namibia and the courses and levels at which they offer training is an important ongoing challenge in meeting the NTA's high-priority skills training targets. This challenge is compounded by high-priority skill areas that include new skills and higher skill levels not currently available from Namibian training providers. Supplying training providers with more funds and support through capacity-building grants may be critical in increasing the number of providers and the skill areas and levels at which they are accredited to provide training. Relying on training providers from outside Namibia should be a temporary solution due to its cost. Provisional accreditation should also be considered to ease startup bottlenecks.
2. The registration and accreditation processes for training providers are widely viewed as lengthy, cumbersome, and duplicative (since many of the registration and accreditation requirements are similar). If these processes can be simplified and made more efficient, more training providers may be able to enter the vocational training market and/or increase their course offerings. The training procurement process should also be streamlined and made more efficient.
3. While the absolute number of employers registered and the amount of levy collected have approached or exceeded targets, real compliance is hard to gauge. Without a database of Namibian employers, it is difficult to enforce registration for all eligible employers and assess accurate levy payment by registered employers. The NTA expects compliance inspectors to fill this gap; at the time of data collection, it planned to appoint inspectors by early 2016. This will be an important step, as inspectors will visit employers to check compliance, register eligible employers for the levy, and ensure that employers are meeting the levy requirements and submitting credible data. The NTA also plans to address levy enforcement by working with the Ministry of Industrialization, Trade and SME Development and the Social Security Commission to build a database of eligible employers, as well as watch its own growing database for trends. Strong enforcement will build stakeholder confidence that scofflaws are not taking advantage of the system.

4. Communication with employers has been, and will continue to be, essential for ensuring the NTF's success. The NTA invested heavily in policy development and communication with employers before launching the employer registration process and levy collection; as a result, both processes have been very successful. Employers continue to desire pathways for giving input and feedback to the NTA regarding the design of levy distribution, high-priority skill needs, and many other system components. In addition, employers seek information from the NTA on requirements and using the grant for training system. There is also a need for communication with potential trainees and employers to counter remaining stigmas surrounding vocational education and careers, as well as to promote the value of vocational education and recognition of prior learning certificates. Building on previous successful advertisement campaigns could nurture continued mutual communications between the NTA, employers, and future trainees. Communication with government officials and with ISCs are also essential to ensure all stakeholders can participate fully.
5. Establishing a fully functioning employer grant for training system is critical for maintaining the continued support and confidence of employers in the NTF. The NTA, including the NTF council and the NTA board, should reconsider what constitutes vocational training to better match the needs of levy-paying firms and enable employer-sponsored training to be eligible for grants. The grant system must be easier to use and more widely understood so that employers can submit evidence of training without difficulty and be paid quickly. Absent such a system, employers' confidence in the entire NTF may erode, leading to longer-term challenges for the fund.
6. The LCDRS was conceived to support all of the NTF's data needs, including employer registration, compliance, employer grants for training, training provider data, reconciliations, claims, evaluation of those claims, training accreditation from the NQA, and so on. The lack of integration and delayed operationalization of the full IT system hindered the administration of the VET levy and made it difficult to integrate information. This, in turn, led to inefficient and incomplete use of data. It will be important to fix and integrate the NTF LCDRS within the NTA system to ensure the smooth, long-term running of the NTF.
7. Retaining qualified NTA staff and ensuring staffing at appropriate levels for the NTF's needs will be important for it to successfully carry out its mandated responsibilities. Adequate staffing is necessary, especially for the NTA to more efficiently assess employer grant for training claims, ensure compliance with levy payment, support the NTF's IT needs, and ensure long-term sustainable management.

This page has been left blank for double-sided copying.

REFERENCES

- African Development Bank (AfDB), Organization for Economic Cooperation and Development (OECD), and United Nations Development Programme (UNDP). “African Economic Outlook 2015: Regional Development and Spatial Inclusion.” Paris, France: OECD Publishing, 2015. Available at [\[http://www.africaneconomicoutlook.org/sites/default/files/content-pdf/AEO2015_EN.pdf\]](http://www.africaneconomicoutlook.org/sites/default/files/content-pdf/AEO2015_EN.pdf).
- Government of the Republic of Namibia (GRN). “Harambee Prosperity Plan 2016/17 – 2019/20: Namibian Governments Action Plan Towards Prosperity for All.” Windhoek, Namibia: Office of the President, Government of the Republic of Namibia, April 2016.
- Government of the Republic of Namibia (GRN). “Namibia Vision 2030: Policy Framework for Long-Term National Development.” Windhoek, Namibia: Office of the President, Government of the Republic of Namibia, 2004.
- Haidula, Tuyeimo. “NTA, GIZ set to address skills shortage.” *The Namibian*, Windhoek, Namibia, December 14, 2015.
- Johanson, Richard K. “A Review of National Training Funds.” Social Protection and Labor Discussion Paper No. 0922. Washington, DC: World Bank, 2009.
- Mamun, Arif, Evan Borkum, Kristen Velyvis, Luke Heinkel, and John Middleton. “The Millennium Challenge Corporation’s Vocational Training Activity in Namibia: Evaluation Design Report.” Submitted to the Millennium Challenge Corporation. Washington, DC: Mathematica Policy Research, May 13, 2014.
- Mamun, Arif, Luke Heinkel, Evan Borkum, and Kristen Velyvis. “Evaluation of MCC’s Vocation Education and Training Activity in Namibia: Findings from Analysis of the First Round of Qualitative Data.” Report submitted to the Millennium Challenge Corporation. Washington, DC: Mathematica Policy Research, September 15, 2015.
- Millennium Challenge Account Namibia. “Indicator Tracking Table.” Windhoek, Namibia: December 2014b. Available at [\[http://www.mcanamibia.org/me_achievements.php?id=3\]](http://www.mcanamibia.org/me_achievements.php?id=3).
- Millennium Challenge Account Namibia. “Monitoring and Evaluation Plan.” Windhoek, Namibia: February 2011. Available at [\[http://www.mcanamibia.org/files/files/M&E%20Plan%20-%20version%20of%20%20February%202011%20\(final\).pdf\]](http://www.mcanamibia.org/files/files/M&E%20Plan%20-%20version%20of%20%20February%202011%20(final).pdf).
- Millennium Challenge Account Namibia. “National Fact Sheet.” Windhoek, Namibia: September 2014a. Available at [\[http://www.mcanamibia.org/files/files/MCA%20National%20Fact%20Sheet%20Book%20Final%20Smallest.pdf\]](http://www.mcanamibia.org/files/files/MCA%20National%20Fact%20Sheet%20Book%20Final%20Smallest.pdf).
- Nakashole, Ndama. “NTA fails to use VET admin levy.” *The Namibian*, Windhoek, Namibia, January 8, 2016.

- Namibia Qualifications Authority. “Framework Overview.” Windhoek, Namibia: June 22, 2016. Available at [<http://www.namqa.org/about-us/Overview/161/>].
- National Planning Commission. “Namibia’s Fourth National Development Plan (NDP-4): 2012/13–2016/17.” Windhoek, Namibia: Office of the President, National Planning Commission, Government of the Republic of Namibia, 2012.
- National Training Authority. “About: Our governance, our board committees, and our departments.” Available at [http://www.nta.com.na/?page_id=246]. Accessed June 22, 2016.
- Staff Reporter. “The government to roll out VTCs countrywide.” *The Namibian*, Windhoek, Namibia, April 4, 2016a.
- Staff Reporter. “Grade 10 failures under 17 years old to get second chance.” *The New Era*, Windhoek, Namibia, January 18, 2016c.
- Staff Reporter. “NTA plans to increase intake for vocational training.” *The New Era*, Windhoek, Namibia, December 15, 2015.
- Staff Reporter. “Vocational trainees urged to venture into business.” *The New Era*, Windhoek, Namibia, March 16, 2016b.
- U.S. Agency for International Development. “USAID/Namibia Country Strategic Plan FY 2004–2010.” Washington, DC: USAID, 2003.
- United Nations Educational Scientific and Cultural Organization (UNESCO). “Better Education for Africa’s Rise: The BEAR Project.” Paris, France: UNESCO, 2014. Available at [<http://unesdoc.unesco.org/images/0022/002287/228753E.pdf>].
- World Bank. “Country Partnership Strategy for the Republic of Namibia for the period FY2014–FY2017.” June 26, 2013.

This page has been left blank for double-sided copying.

www.mathematica-mpr.com

**Improving public well-being by conducting high quality,
objective research and data collection**

PRINCETON, NJ ■ ANN ARBOR, MI ■ CAMBRIDGE, MA ■ CHICAGO, IL ■ OAKLAND, CA ■ WASHINGTON, DC

MATHEMATICA
Policy Research

Mathematica® is a registered trademark
of Mathematica Policy Research, Inc.