

The Millennium Challenge Corporation funded the Vocational Training Grant Fund (VTGF) through its compact with the Government of Namibia, which was implemented by the Millennium Challenge Account-Namibia. The VTGF was one component of a broader \$28 million vocational training activity, which was implemented under the compact's education project. This activity focused on expanding the availability, quality, and relevance of vocational education and skills training in Namibia.

**High-priority skill areas** are those for which there is high industry demand but a limited supply of workers.

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## Impacts of Scholarships for Vocational Training in Namibia: Findings from a Randomized Controlled Trial

Between 2009 and 2014, the Millennium Challenge Corporation funded the Vocational Training Grant Fund (VTGF), a program that provided scholarships to disadvantaged Namibians attend vocational training programs in high-priority skill areas. Mathematica Policy Research recently completed a rigorous evaluation of the impact of these scholarships on training applicants' training, employment, and earnings-related outcomes. This issue brief summarizes the key findings from this evaluation.

### THE VOCATIONAL TRAINING GRANT FUND

The VTGF solicited grant applications from existing Namibian vocational training providers to conduct trainings in specific high-priority skill areas. Providers that received grants used the funding to award scholarships to eligible disadvantaged training applicants. These scholarships covered tuition and included a subsistence allowance. Providers that received VTGF grants could also apply for a capacity-building grant, which they could use for purposes related to increasing their capacity (such as purchasing new tools and equipment or improving or expanding their infrastructure).

Mathematica Policy Research conducted a random assignment evaluation to determine the impact of the offer of a VTGF scholarship on training applicants' outcomes. Eligible applicants to each VTGF-funded training in which the number of applications exceeded the number of



Office administration trainees.

available slots were randomly assigned either to a group that was offered a VTGF scholarship (treatment group) or to one that was not (control group). The impact findings are based on a comparison of the treatment and control groups using data from a follow-up survey with applicants. This survey was conducted about one year after the VTGF training ended, on average.



Hospitality trainees.



A trainee in a technical course.

## Features of the Impact Analysis Sample

- Total of 1,250 applicants to 26 trainings conducted by 10 providers throughout Namibia from 2010 to 2014.
- Length of funded trainings ranged from less than one month to 22 months, with a median of 8 months.
- Funded trainings were conducted in a wide range of skill areas, including tour guiding, hospitality and tourism, plumbing, office administration, concrete work, and food preparation, among others.
- Applicants were surveyed 6 to 28 months after the training ended, with a median of 13 months.

## KEY FINDINGS

### The scholarship offer significantly increased participation in vocational training, especially for female applicants.

Applicants in the treatment group were 34 percentage points more likely than those in the control group to have enrolled in vocational training since the start of the VTGF training to which they applied (Figure 1). They were also 29 percentage points more likely to have completed a vocational training program (Figure 1). Impacts on both training enrollment and completion were almost 50 percent larger for female applicants than for males.

### The scholarship offer had no positive impact on employment, but led to a small degree of substitution of further training for employment.

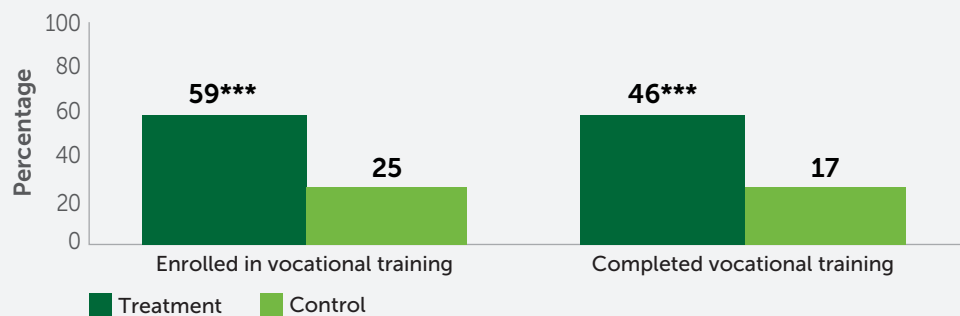
The large positive impacts on training participation did not translate into positive impacts on employment. The employment rate

at follow-up was 6 percentage points lower in the treatment group, although this difference is statistically significant only at the 10 percent level (Figure 2). In contrast, the treatment group was 5 percentage points more likely to be engaged in further vocational training at follow-up, statistically significant at the 5 percent level (Figure 2). The small countervailing impacts on employment and training were driven mostly by female applicants substituting further training for employment. Overall, the impact on productive engagement—being employed or engaged in vocational training—was small and not statistically significant (Figure 2).

### The scholarship offer had no impacts on applicants' earnings or on the distribution of total individual or household income.

Consistent with the limited impacts on employment, the VTGF scholarship offer had no significant impacts on applicants' monthly earnings at follow-up (defined as wages or profits from

**Figure 1. Enrollment in and completion of vocational training since the start of VTGF training**

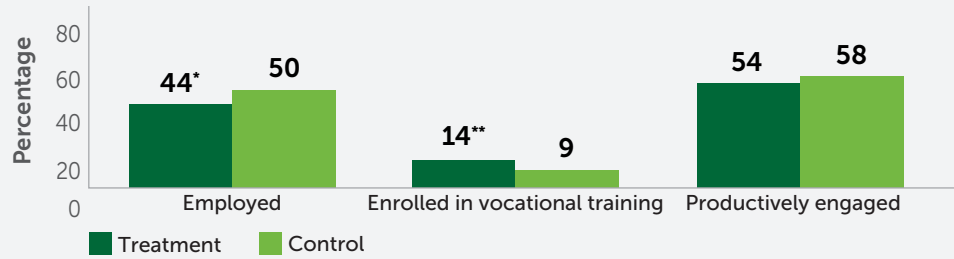


Source: VTGF follow-up survey.

Note: Estimates are regression adjusted for training fixed effects, sociodemographic characteristics, and having completed any vocational training before the VTGF.

\*\*\*Treatment-control difference is statistically significant at the 1 percent level.

**Figure 2. Employment and productive engagement at follow-up**



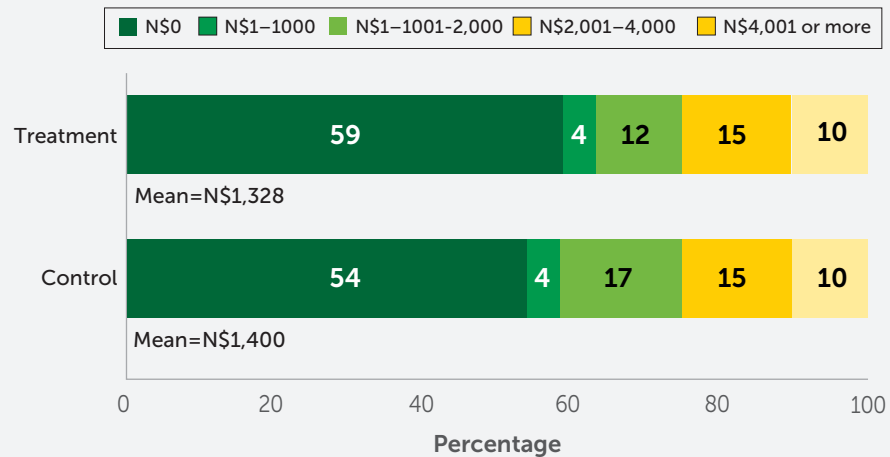
Source: VTGF follow-up survey.

Note: Estimates are regression adjusted for training fixed effects, sociodemographic characteristics, and having completed any vocational training before the VTGF. Productive engagement is defined as employment or enrollment in vocational training.

\*Treatment-control difference is statistically significant at the 10 percent level.

\*\*Treatment-control difference is statistically significant at the 5 percent level.

**Figure 3. Earnings in the month before the follow-up survey**



Source: VTGF follow-up survey.

Note: Estimates are regression adjusted for training fixed effects, sociodemographic characteristics, and having completed any vocational training before the VTGF. The treatment-control differences in mean earnings and the distribution of earnings are not statistically significant at the 10 percent level.

N\$ = Namibian dollars.

self-employment, and equal to zero for individuals who were unemployed) (Figure 3). The estimated impacts on the distribution of total individual income (including non-earnings components) and household income in the month before the follow-up survey were also not statistically significant. These findings suggest that the offer of VTGF funding did not substantially affect overall individual and household well-being about a year after the VTGF training ended.

## IMPLICATIONS

The large positive impacts on enrollment in and completion of vocational training suggest that providing scholarships for vocational training should be a key component of efforts to expand vocational training in Namibia. The scholarships lowered the financial barrier to attending vocational training, particularly for women, which was an important constraint

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for many trainees. However, additional efforts might be required to increase take-up of training by eligible applicants and reduce cases of enrollees dropping out of training under similar funding mechanisms in the future. These efforts could include addressing costs of training beyond tuition and basic subsistence costs, and improving the match between the trainings to which applicants apply and the skills and employment they are interested in pursuing.

Our findings also suggest that providing vocational training scholarships to trainees may not increase employment and earnings in the short or medium term, but can still contribute to improving the productive capacity of the labor force. The negative impact on employment that we found was mitigated by the positive impact on additional training. Recognizing these different paths to human capital and skill development, future efforts to provide vocational training scholarships should be supplemented by greater attention to supporting and guiding trainees after the training ends, such

as providing assistance with job placement or self-employment start-up and advice on further training opportunities.

Finally, to improve the employment prospects of vocational training graduates, it will be critical to determine market demand for skills in a timely and effective manner. The impacts of the VTGF scholarships on employment were limited, possibly because the process to determine market demand was not as fully developed and operational as intended when the grants were made. Implementing a robust, effective system to determine market demand will be critical to guiding future investments in vocational training in Namibia through the new National Training Fund, which was established under the Namibia Compact and is expected to provide grants to training providers following the VTGF model.

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