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## Findings from an Evaluation of the Namibia Compact's Investments in the National Training Fund

The Millennium Challenge Corporation supported the implementation of the National Training Fund (NTF) through its compact with the Government of Namibia, which was implemented by the Millennium Challenge Account-Namibia. The NTF work 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. Industry skills committees are tasked with identifying these areas for funding through the NTF.

The government of Namibia established the National Training Fund (NTF) in 2008 to provide a sustainable source of funding for vocational training in high-priority skill areas. Between 2009 and 2014, the Millennium Challenge Corporation funded technical assistance to support the full implementation of the NTF. Mathematica Policy Research conducted an evaluation that examined the status of the NTF's operations and perceptions of its likely long-term sustainability about one year after the technical assistance ended. This issue brief summarizes the key findings from this evaluation.

### THE NATIONAL TRAINING FUND

The main objective of the NTF is to provide funding for vocational training in high-priority skill areas in Namibia. The Namibia Training Authority (NTA) manages the NTF, which is funded through a payroll-based levy on eligible firms. The funds can be disbursed in two ways: (1) to employers who provide evidence of employer-sponsored training, or (2) as competitive grants to training providers to conduct training in high-priority skill areas.

The Millennium Challenge Corporation funded a technical adviser to support implementation of the NTF. Key components of the technical assistance included developing regulations for operating the NTF, establishing the NTF council (which governs the NTF and oversees the allocation of funds), and piloting and implementing all aspects of the levy. The

levy collection system was implemented in April 2014, and the disbursement system was implemented in April 2015.

Mathematica Policy Research's evaluation explored how the NTF operated in practice and stakeholders' perceptions of its sustainability about 19 months after levy collection started and 7 months after disbursement of funds started. The evaluation drew on qualitative data collected from October to December 2015 from a variety of sources through in-depth interviews, site visits, and reviews of documents obtained from stakeholders and the media. The in-depth interviews covered NTA staff, NTA board members, NTF council members, recognition of prior learning certificate recipients, employers, industry skills committee members, and other stakeholders.

All employers with a payroll of

**1 million**  
Namibian dollars

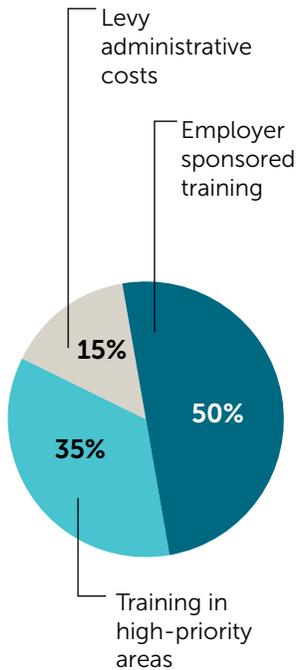


or more must register with the NTF and pay an annual levy equal to

**1%**

of their payroll.

### Regulatory funding allocation



## KEY FINDINGS

### The NTF has been successful at registering employers 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. Levy collection also exceeded targets in the first two years of collection. NTA staff and other stakeholders regard registration and levy collection as very successful, especially given the short time the levy has been in existence. All the registered employers who were interviewed held a positive view of the registration process, finding it straightforward and easy to complete, and most did not find the tax onerous.

### Assessing compliance with paying the levy remains a challenge.

Although the 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 to comply. However, there is no database of Namibian employers, so it is difficult to ensure that all eligible employers register and all registered employers pay the correct levy amount. The NTA intends to use compliance inspectors to fill this gap; at the time of data collection, NTA planned to appoint inspectors by early 2016, although it was unclear who would hire and supervise these inspectors. The NTA also plans to address levy enforcement by working with other government entities to build a database of eligible employers.

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

The relatively small number of qualified training providers within Namibia and their limited capacity pose large challenges for the NTF. Levy funds are accumulating, but the NTA cannot procure enough high-priority skill training. According to NTA staff members, only 35 training providers in Namibia had been formally accredited at the time of data collection, and most of them offer qualifications in the same limited number of fields. In addition, new qualifications are emerging in some fields—such as agriculture, a national priority—but the country lacks accredited training providers in

### The Recognition of Prior Learning

program enables people who have experience in a certain vocational skill area but lack formal training to compile a portfolio of evidence of their work experience and have their skills formally assessed and certified. NTF funding is available for this program through the allocation for high-priority skill areas. At the time of data collection, the NTA was expanding the program from 3 to 10 sectors.

those fields. Using levy funds to hire trainers from outside Namibia is a stopgap solution, but the costs make it unsustainable and it does little to build training capacity within Namibia.

### Establishing the formal accreditation and registration systems has been an achievement, but it is restricting growth in the training sector.

Accreditation and registration (similar processes, overseen by different bodies) are intended to ensure the quality of training that NTA-funded providers deliver. Interview respondents saw establishing systems for these processes as an important step forward, and stakeholders expressed confidence that the systems would ensure quality training. However, some respondents found the accreditation and registration processes 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 address gaps in training availability.

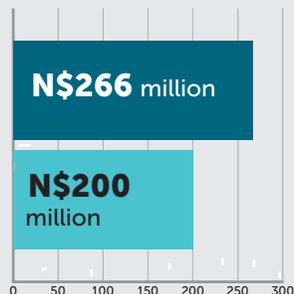
### Providing grants for employer-provided training has been a challenge.

Employers are eager to see levy funds flow back into industry to fund employer-sponsored training. However, only 15 percent of levy payers applied for these grants in the first year of levy collection. Employers expressed concern that the application process for obtaining grants for training they had conducted was cumbersome and difficult to understand, and that many of the in-service trainings employers provide are not eligible for grants. Applicants also experienced

## Levy amount collected and targeted

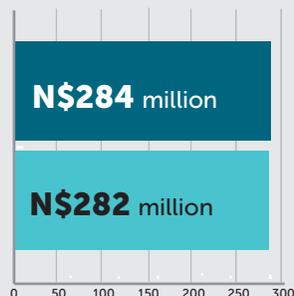
### YEAR 1

April 2014-March 2015



### YEAR 2\*

April 2015-March 2016



■ Collected  
■ Targeted

\*Amount collected as of December 2015 only.  
N\$ = Namibian dollars

frustrating delays in the processing of their claims. The NTF acknowledged these delays and is working to remove barriers within the grant system. Causes of the delays included challenges in developing the NTA IT system, lack of guidelines for approving applications, and a shortage of staff to process applications.

### The levy collection, distribution, and reporting system is functioning but is not running optimally.

The NTF uses an electronic management information system to support its data needs, which include information on employer registration and compliance, training provider information, and payment of grants to employers and training providers. The lack of integration and delays in developing the IT system have hampered the optimal operation of this system. As a result, the NTF has been unable to integrate information from multiple NTA departments and levy processes, and staff have had to perform some tasks manually. At the time of data collection, the NTA was in the process of bringing on another service provider to complete the system integration, and was attempting to recruit an internal IT professional.

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

Respondents had very few critiques of the NTF's work, but expressed some concerns about transparency and communication with stakeholders. One ministry official mentioned that the NTA could do more to keep the government and other stakeholders informed so that they can engage and respond to the NTA. Communication between the industry skills committees and the NTA could also be improved. In addition, employers would like to be more involved in decision-making regarding the levy and to be able to give feedback more easily.

### There are 10 industry skills committees representing the main industries in Namibia.

These committees typically comprise senior industry representatives, trade union representatives, and owners of small and medium enterprises. The committees conduct research and consultation within their industries to identify market demand for skills. They use these findings to develop "sector skills plans," which identify high-priority skill areas.

### Most stakeholders are optimistic about the NTF's sustainability but reserved judgment about whether the promised benefits will accrue.

Most respondents felt that the NTF was financially sustainable. However, they were uncertain about whether the Namibian vocational training sector will be able to absorb the funding and use it effectively to create a more skilled workforce. Other potential financial concerns included employers' willingness to continue to comply with levy regulations, and the effect of recent budget cuts on government support for the NTA. Stakeholders overwhelmingly viewed the long-term management of the NTF as sustainable; however, several respondents stated that to ensure long-term sustainable management, the NTA would need to work on retaining and expanding its staff. Overall, most stakeholders thought it was too soon to tell whether the NTF would result in a more skilled workforce, but they remained cautiously optimistic.

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## IMPLICATIONS

Our findings suggest that the NTF has successfully raised substantial new funding for vocational training in a short period of time through the payroll levy, even in the absence of stringent compliance measures. However, managing the levy funds and disbursing them to support training in high priority areas have been more challenging.

In terms of management, further improving the electronic levy collection, distribution, and reporting system will be important to ensure that the NTF manages the funds efficiently. In terms of disbursement, it will be important to continue to increase fund disbursement to both employers and training providers. On the employer side, more work is needed to streamline the disbursement process and to ensure that the trainings eligible for funding

align with employers' needs. On the provider side, the limited supply of Namibian training providers offering courses in high-priority areas is a significant constraint. Efforts to streamline the registration and accreditation processes could help alleviate this constraint by increasing the number of providers while still maintaining quality. More broadly, further supply-side investments in the vocational training sector might be required for the NTF to achieve its long-term goals.

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