Technical and Vocational Education and Training Fund in Nepal: Present Practice and Way Forward

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Abstract
In the last few decades, Technical and Vocational Education and Training (TVET) expanded significantly in Nepal. However, the actors of TVET are uncoordinated and are implementing programmes with fragmented governance. The international experience shows TVET fund is one of the approaches to coordinate fragmented TVET stakeholders and enhance the quality of TVET. In absence of such an integrated TVET fund in Nepal, this paper urges for establishing TVET fund and sketches the possible approaches with reformed TVET structure. For this, first, we reviewed the literature particularly the perceived international practices of implementing TVET fund. Further, we arranged an interaction with TVET stakeholders and collected their views on the establishment of the TVET fund in Nepal. Based on findings of the research, the paper provides five possible models for establishing TVET fund mechanism in Nepal. All the models have their strengths and challenges, so it would be rational to adopt the idea of strengthening existing structure rather than making it stand alone. For this, a developing strong research and innovation, effective implementing body, and independent quality assurance and accreditation system is equally important for its effective implementation.

Keywords: Coordinated TVET system, TVET Fund, TVET Governance, TVET in Nepal

Background
Access to education for all citizens gained priority in Nepal only after the establishment of democracy in 1951. General education, however, emerged as the main stream of schooling. In the recent decades, Technical and Vocational Education and Training (TVET) also has gained its attention in Nepal. It has also been considered useful for the youths, mostly for those, who enter the job market without or with very little skills (Bhattarai, 2021). In this sense, TVET has become synonymous with skill enhancement that supports youths for gainful employment. Formal development of TVET in Nepal began much later compared to the traditional mode of education which has continued for centuries (Kafle, 2007). Artistic skills used in ancient cities of Nepal,
vocational skills learning practiced in community and family are some evidences that TVET existed in Nepal long ago. Araniko and his friends’ journey to neighbouring country China as a skillful architect is one of the examples that Nepali skills had recognition not only in the country but also at the international level. However, these skills were informally transferred from one generation to another within the family and in their clan in the community (Adhikary, 2012; Poudel, 2020). These skills are still traditionally learned in an informal setting and are mostly on the verge of extinction before they get recognized (Parajuli, 2014). TVET has great scope of mainstreaming such skills informal learning system and contributing to the national economy linking these skills to the modern economy (CTEVT, 2016).

TVET also contributes to modern industry and enterprises. On one hand, it is a means for skilling youth with job-specific skills according to the demand of job market. On the other hand, TVET graduates can be creators and entrepreneurs contributing to reduce the issue of unemployment in the country. The modern TVET which was groomed mostly after the 1950s has concentrated to contribute to the present-day economy. The establishment of a training center (present Pulchowk Engineering College) in 1942 is taken as a significant step to establish a modern formal TVET system in Nepal (Ministry of Education Science and Technology [MOEST], 2018). However, TVET could gain attention in the periodic plan only after the commencement of the first periodic plan in 1956. Subsequently, it was also included in the education policy, which provisioned for Village Development Training Center (VDTC) for preparing basic level skilled human resources while professional training was introduced in secondary schools for producing medium-level skilled human resources (Ministry of Education [MOE], 1971).

The youth employment situation is considered as one of the key indicators of a country’s development (Bhatta, 2014). TVET supports the youths in enhancing their skills and preparing them for employment. Council for Technical Education and Vocational Training (CTEVT) was established in 1989 in Nepal to prepare TVET related policies and plans, implement TVET programmes, coordinating among stakeholders and making quality TVET accessible to all (National Planning Commission [NPC], 1988). In parallel with CTEVT, about 12 ministries including the Ministry of Education Science and Technology, are also executing TVET related programmes (MOEST, 2018). Various development partners are supporting these different government agencies to implement both short-term and long-term TVET programmes. Besides, with the aim of recognizing prior learned skills and linking them with the labour market, the skill testing system in the country has been in operation since 1983 under the name of National Skill Testing Authority (NSTA) and National Skill Testing Board (NSTB). This shows, in Nepal, TVET development has taken a pace quantitatively, however, many issues have been raised such as duplication of programmes, difficulty in tracking the total expenditure made in TVET, access to TVET programme, etc., because of the fragmented implementation of TVET. In this situation, an integrated TVET fund coordinated with all levels of government and implementing agencies has become a need.

Initiatives for TVET Fund Management in Nepal

TVET fund is an integrated fund approach for coordinating TVET programmes implemented by various stakeholders across the country (Asian Development Bank [ADB], 2015; Sharma, 2013). Many initiatives can be traced back in Nepal for coordinated regulative TVET fund mechanism, however, these efforts have not been substantiated in practice yet. Hofstetter (2014) claims the importance of TVET fund in Nepal. For this, he has emphasized equal access, appropriate plans and strategies, quality of the programmes, and sustainability of fund management. Hofstetter also proposes three types of TVET fund mechanism, first pre-employment training fund for all who require skills and employment possibilities. The second mechanism is enterprise training fund for employees
of industries who need skill training and upgrading. The third is equity-oriented training fund for underprivileged groups. However, for the effective implementation of these programmes, collaboration among relevant stakeholders is equally important (Bhattarai, 2021). Lamsal (2011) posits that partnership among the actors of TVET, including development partners, is crucial for making the TVET sector effective.

Few more substantive efforts have been made by the Government of Nepal at the policy level for establishing TVET fund. The TVET Policy 2012 explains the provision for TVET fund to manage the TVET sector. Similarly, Education Policy 2019 also directs to establish TVET Fund in collaboration of government, private sectors, cooperative, and community (MoEST, 2019). The Fifteenth Periodic Plan envisions government as key stakeholder however also anticipates the contribution of other stakeholders such as private sector, community people and cooperatives for financing education including TVET (NPC, 2020). The fund mechanism has a mandate for coordinating among the TVET providers, including development partners, and forming an integrated funding mechanism. With objectives of establishing the fund mechanism envisioned by policy, a coordination committee has also been formed at the secretarial level in the past and discourse has been initiated presenting different option papers.

**Practice of TVET Fund at International Level**

There are various practices for executing TVET fund across the world, however, these practices differ according to the government’s resources and national context. Although there are differences in the modality of TVET fund, there are common basic features that are generally found in practice in many countries. According to Johanson (2009), there are three common features a) involvement of employers, b) coordination among the programme implementing stakeholders, and c) sustainable fund source and fund mechanism that makes successful in implementing TVET fund.

Skilling Australian Fund, for evidence, relies on national employers. Having the aim of skilling Australian youth with industrial and other types of employment skills, a certain levy is charged from the businesses that benefit from employing skilled migrants to generate revenue for the fund (Australian Government, 2021). However, TVET fund in the context of developing countries is more emphasized in coordinating among the TVET implementing stakeholders. In India, the fund is generated in a Public Trust under National Development Cooperation. Ministry of Skill Development and Entrepreneurship is in charge of TVET under which the National Development Agency works as a think tank and the Director General of Training implements the programmes in the country (Ministry of Skill Development and Entrepreneurship, 2015). Along with the establishment of a separate ministry for TVET, many popular programmes such as Skill India are also implemented in the direct chair of the prime minister. Nevertheless, these programmes are also criticized for their sustainability and quality of skills it imparts to the youth.

Similarly, in Bangladesh, the National Skill Development Fund is established under the chair of the prime minister. The Ministry of Finance is responsible to manage the fund. Along with this, the Director of Technical Education prepares plans and strategies, Bangladesh Technical Education Board monitors, and National Skill Development Authority implements the programme (Government of the Peoples Republic of Bangladesh, 2019). TVET fund in Bangladesh was established in 2019, in this sense, it would be too early to generalize about its result and effectiveness.

Compared to Bangladesh and India, Shri Lanka has a long experience of TVET fund. Under the Ministry of Skills Development, Vocational Education, Research and Innovation in Sri Lanka, Vocational Training Authority manages the Vocational Training Development Fund which was established in 1999 (Parliament of Democratic Socialist Republic of Sri Lanka, 1990). Although Sri Lanka gains a long
experience of having TVET fund mechanism, there are issues like weak collaboration among the TVET implementing stakeholders which is also interpreted as a result of an imbalance in power-sharing (ADB, 2016).

**Rationale for TVET Fund in Nepal**
There has been a continuous effort for establishing TVET fund in Nepal but it has not gained any significant achievement. In the absence of such integrated system in TVET, the challenges are added with growing expansion of TVET implementing institutions across the country. A report states that over 84% of local governments have at least one TVET institute (CTEVT, 2020). The government of Nepal also aims to ensure the availability of at least one TVET institute in all the municipalities. So, this number seems to be increasing soon. Along with this, all levels of governments are also providing different non-formal programmes targeting the youths and their employment.

**Figure 1:**
*Availability of TVET in Local Governments by Province.*

<table>
<thead>
<tr>
<th>Province</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Province 1</td>
<td>76.6</td>
</tr>
<tr>
<td>Province 2</td>
<td>75.7</td>
</tr>
<tr>
<td>Bagmati Province</td>
<td>87.4</td>
</tr>
<tr>
<td>Gandaki Province</td>
<td>83.5</td>
</tr>
<tr>
<td>Lumbini Province</td>
<td>90</td>
</tr>
<tr>
<td>Karnali Province</td>
<td>88.6</td>
</tr>
<tr>
<td>Sudur Paschim Province</td>
<td>95.45</td>
</tr>
</tbody>
</table>

Source: CTEVT, 2020; CEHRD, 2020

With the development of TVET, youths are expected to enhance their skills and get prepared as basic and middle level skilled human resources. TVET in Nepal has also been instrumental in preparing youths for the labour market with their learned skills. However, these achievements are not as per expectation. Central Bureau of Statistics (2019) reveals about 80% of youths who are in employment had less than secondary level qualifications. This shows a large number of youths enter the labour market with insufficient occupational skills required for their job. In such a situation, the youths learn required skills for their profession during their job, however, they are paid very low. On the other hand, employers have to invest themselves in developing their employees’ occupational skills. The report of Asian Development Bank (2015) also shows about 90% of youths who were in employment learnt their occupational skills during their job. In this situation, either there is an issue of the skill gap in the employee such that the industries and business get employees without the required and relevant skills for the labour market, or the employer has to invest on their own to groom the employee for their company. Likewise, the issue of skills has also been felt in the youths who migrate from Nepal to different countries in Gulf, Malaysia and even to India. About 60% of youths are found going abroad without receiving specific occupational skills (Ministry of Labour, Employment and Social Security [MoLESS], 2020). It has also been reported that they receive comparatively low wages than the labour migrants who had acquired specific occupational skills. These data show the importance of TVET with its expansion to make accessible to all and maintain its quality so that the youths will become competent enough to perform their skills according to the requirement of the labour market.
This existing scenario shows, on one hand, there is a growing expansion of TVET institutions, on the other hand, the access to quality TVET is far from reach for the youths. In this regard, it is obvious that the TVET system in Nepal needs significant attention to strengthen and make it accessible to all the youth so that their skills are enhanced which in turn increases their income and improves their quality of life. Likewise, there is a fragmented TVET system where multiple and multi-level stakeholders are engaged in implementing the programmes. In such a situation, it has neither been possible to assess the quality of provided programmes nor be able to keep record of the provided programmes and their expenditures. This has raised a pertinent question on the quality and effectiveness of the TVET programmes. Thus, the situation demands an integrated approach to coordinate the TVET system in total and track the fragmented TVET programmes. The establishment of the TVET fund can be an approach to fulfill the gap in the present context. The TVET fund not only supports coordination among the stakeholders who are fragmented but also helps to reduce the duplication of programmes, ultimately increasing the relevancy and quality of TVET.

Present Financing Modality of TVET in Nepal
In Nepal, the integrated TVET fund system has not been institutionalized yet, although, it has been a matter of discussion for a long time. Financing in TVET is scattered along with the involvement of many ministries that are simultaneously providing TVET programmes in their respective fields. Following are some sources of TVET financing in practice in Nepal.

Regular Budget of Government
One of the major sources of financing TVET in Nepal is the government’s regular fiscal budget. Different ministries receive a regular budget every year for their regular programmes related to TVET. These ministries run both long-term and short-term TVET programmes through their departments and training centres across the country. These budgets are allocated according to the annual programme of the government. Along with these training centers, TVET schools and polytechnics under CTEVT also receive a regular budget from the government to provide these programmes. Generally, the cost for short-term vocational training programmes provided through government agencies are managed through the government budget, however, development partners considerably provide financial support to run such programmes. In case of long-term courses, students pay a certain charge on their own. For example, technical stream in community schools run by the Center for Education and Human Resource Development (CEHRD) under the Ministry of Education, Science and Technology and the pre- diploma and diploma level courses of CTEVT are long-term programmes. Short-term programmes related to various occupations are mostly non-formal in nature and are provided by different ministries through their training institutions (Baral et al., 2019).

Private Sector’s Investment
TVET institutes rapidly expanded in Nepal along with the liberal market policy in the country. Private sector’s investment in TVET started especially after 1990. At present, the private sector shares a large part of TVET institutions compared to the government. Privately managed TVET institutions bear their cost themselves and they normally manage the cost from the tuition fee collected from the trainees and students. However, they provide scholarships to a certain number of students from underprivileged groups according to the existing law. These private institutions also receive funds and collaborate with government agencies as well as development partners in implementing TVET programmes.

Community Investment
TVET is also found to be managed by community institutions in Nepal. With aim of access of TVET to all, programmes are run in minimal cost as it uses the already existed infrastructure of community schools. This sort of TVET management in partnership model is recently started and expected
to be more sustainable with community engagement. Such institutions are managed mostly in a partnership model between the government and the community and both parties bear the cost as per the contract. According to CTEVT report (2020) 572 schools are running TVET programme in communities across the country. These receive regular budget from CTEVT however it does not cover all the expenses. In this sense, the respective schools manage the additional cost on their own.

**International Aid**

International developing partners have been supporting TVET in Nepal for a long time. These development partners and agencies have provided financial as well as technical support in both short-term and long-term TVET programmes. EVENT, ENSURE, SKILLS, Dakhshyata, etc. are some examples of international developing partners that are implemented in Nepal. Although most of the programmes supported by development partners are run in a partnership model with both (non) government agencies. In some cases, they are also implemented directly. Hence, it is obvious that TVET is run in Nepal by different actors and there is no such integrated funding mechanism. This shows the importance of establishing TVET fund which will channel the programmes coordinating the scattered TVET actors across the country.

Figure 2: 
*Present TVET Financing Mechanism in Nepal*

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Other ministries—Remaining ministries other than MoEST, MoLESS, MoCTCA, And MoICS, under Government of Nepal.

Figure 2 shows the haphazard financing in TVET programmes run by multiple actors. In addition, these programmes are mostly supply-driven as these actors set a target of providing services without assessing the need of the market. Consequently, it has been an issue of a gap between the demand of the market and the supply of the programmes (Sharma, 2015). With this fragmented governance of the TVET programmes, there have also been difficulties in monitoring and assessing them, which ultimately affects the quality of the provided programmes. In this sense, there is in need of an approach that will channelize the TVET providers and reduce the duplication of programmes. To overcome these challenges, the envisioned integrated approach for TVET coordination and management is presented in figure 3.

Figure 3: *Envisioned TVET Fund Mechanism*
Study Method
The study followed both desk review and interaction with various stakeholders. We started with a desk-based review process and examined the TVET fund practices at the international level. Particularly, we reviewed TVET fund practice in Australia, Bangladesh, Sri Lanka, and India. The basis for including these countries was for collecting diverse practices from those countries which have established TVET fund mechanism. Based on the literature review, we prepared the possible models for Nepal. The researchers made several rounds of discussion with the TVET experts, government officials, practitioners and individuals who had at least five years of experience working in the TVET sector and knew about TVET fund. We selected them purposefully considering their experience and their interest for participation. We shared the proposed models with officials representing different ministries implementing TVET programmes in the office of the National Planning Commission. The interaction was made both in person discussion with groups of participants and virtual with individuals. This provided us an insight to contextualize the proposed models according to the binding legal provisions. We incorporated suggestions and comments received from the sharing programme and further arranged interaction with TVET experts in Nepal. The draft of the paper was also shared with participants whom we interacted with before, academicians, officials of development partners, and individuals with TVET background and requested them to provide their review feedback and comments. With pandemic situation of COVID-19, in many cases, we had to limit in the virtual interaction with the research participants. Finally, after receiving the comments and feedback from experts, we drafted the paper.

Proposed Models for Establishing TVET Fund in Nepal
The international practices also show that a country needs their own unique mechanism for TVET fund according to their national context. Nepal has its uniqueness and TVET system has been functional for a long time. In this sense, it would be rational to envision the reform of TVET within the structure rather than isolating the existing system. In this paper, we also envision TVET fund as a coordinating body in the context of federal structure. It is also important to note that the proposed fund structure should not syndicate the different actors implementing the programme on their own. Rather, it will facilitate and streamline the fragmented system within the existing system. Furthermore, this fund mechanism also needs to adopt in decentralize approach to cover the system functioning at the provincial as well as local level. This requires coordinated but decentralized fiscal management so that each actor can implement the programme according to their context, however, it will be recorded in the integrated system. Similarly, it is necessary to consider aspects such as social exclusion, access, and quality while making criteria for fiscal transfer. For this, a strong research system will support both for evaluating the quality and ensuring the quality and relevancy. This will also support in preparing a fiscal transfer criterion and enhance the system.

Considering the existing functional TVET system, reviewing the international practices and based on the interaction with people working in TVET sector of Nepal, we propose five possible models for the establishment of TVET fund in the context of Nepal. Model 1: A Separate Ministry for TVET Weak coordination among the TVET stakeholders is considered one of the current constraints for the effective implementation of TVET in Nepal.

Figure 4:
TVET Fund under Ministry of TVET
Considering the existing engagement of wider stakeholders in TVET, we propose the establishment of a separate ministry of TVET and TVET fund as one of the units. The three TVET units and departments such as research and innovation, quality assurance and coordination, and implementation can be the overall guiding structure under the ministry. A separate ministry for TVET is also a practice in India. Popular programmes such as Skill India were launched after the establishment of the ministry (Krishnan & Gelb, 2018).

There are both strengths and challenges in establishing a separate ministry in Nepal. While talking about strengths, the formation of TVET ministry will gain more attention so that focused development can be expected. This will also address the issue of coordination among various actors implementing TVET in a scattered way. This can also be a big step towards preparing human resources according to the demand of national need and channel the expenditure made in this sector by different stakeholders. Nevertheless, constitutional provision may be the first obstacle since it limits the number of ministries to expand further. Second, establishing a separate mechanism can be time-consuming and costly which also can be a possible roadblock. Model 2: TVET Fund under Office of the Prime Minister

TVET fund under the office of the prime minister can also be an alternative. A secretarial office will facilitate fiscal transfer according to set criteria for its effective implementation. Such type of practice can be found in Bangladesh where the fiscal transfer in TVET is made in coordination with the Ministry of Finance under the prime minister’s chair. With the chair of the prime minister, the fund mechanism in Nepal can be strong enough to coordinate at the ministerial level and other implementing agencies. The proposed modality is shown in Figure 5.
Figure 5:
TVET Fund under Office of the Prime Minister

In this model, there is an equal chance of having political influence. The office of the prime minister already carries a lot of duties and responsibilities and the new set-up might be an extra task. As a result, it might get less attention.

Model 3: National Qualification Authority under Prime Minister Chair
National Qualification Authority under the chair of the prime minister can also be an alternative model. Under this mechanism, TVET can be integrated into the existing system. In this sense, this model can be cost-effective. Both TVET fund and qualification system under one umbrella institution will help to coordinate and increase permeability. The proposed modality is shown in Figure 6.

Figure 6:
TVET Fund under National Qualification Authority
This approach is also not free from the possible influence of politics and reengineering the existing system would be another roadblock further ahead. Furthermore, there is also a risk of possible conflict with implementing bodies as National Qualification Authority concentrates vividly. This also can reduce attention in TVET as NQA will work both for general education and TVET.

Model 4: TVET Fund under National Vocational Qualification and Accreditation Board
National Vocational Qualification and Accreditation Board is long envisioned institution in Nepal. And TVET fund under this board can be an alternative for TVET fund establishment. However, this model also requires a chair under the prime minister to make it effective enough to coordinate with other ministries. The mechanism will reduce the conflict and uncoordinated situation among programme implementing bodies and monitoring bodies. The proposed modality is shown in Figure 7.

Figure 7:
*TVET Fund under National Vocational Qualification and Accreditation Board*
In this model as well, with the engagement of the prime minister office, there is always chances of political influence. But this will not add a burden of investment for restructuring the system.

**Model 5: TVET Fund under CTEVT**

Integrating the fund within the existing TVET system of CTEVT can also be one of the possible alternatives.

Under the chair of the prime minister, a vice-chair can be nominated to manage the day to day activities and it needs a secretariat level officer to coordinate and build a good relationship with other ministries. This mechanism is possible within the existing system. In this case, this will not increase the financial burden as well.

Figure 8:

*TVET Fund under National Vocational Qualification and Accreditation Board*
A current issue, a single institution being both an implementer and an evaluator may continue if this model is adopted. But the issue of coordination among the implementing actors can be more effective with the chair of the prime minister. The proposed modality is shown in Figure 8.

Among all presented models, this model seems more feasible in the present context as this needs minimal restructuring while becoming a more powerful body. Along with this, years of institutional experience of CTEVT is a valuable asset and it can be a basis for moving forward. In this sense, strengthening the apex body of TVET seems more convincing to integrate the funding mechanisms in TVET.

**Conclusion**

In the federal context, it has become important to reform the TVET governance and implement it accordingly. The establishment of TVET fund can be one of the tools to coordinate and facilitate among different TVET actors. For this, reforming TVET structure within the existing TVET system seems more plausible. Experience of other countries in managing TVET fund can also be a lesson for the need to establish a fund mechanism and make it more sustainable. The proposed models are based on international practices and views of the TVET practitioners. Establishing a separate ministry is an ambitious project, however, it has the potential to enhance the TVET sector with focused development strategies. The fifth model would be appropriate if we go for minor changes in the existing structure.
It is also important to consider an aspect of social value towards TVET. In this sense, we have proposed such a mechanism under the prime minister. Further, TVET fund with a strong research mechanism accompanied by TVET think tank, a separate TVET implementing body, and an independent quality assurance and accreditation mechanism will be a strong basis for establishing the envisioned fund mechanism in Nepal.

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