

Outcome based Financing System in TVET

(an experience from Nepal)



Bal Ram Paudel
Team Leader
Employment Fund Secretariat
HELVETAS Swiss
Intercooperation Nepal

Skills Forum ADB Manila
11th December, 2013

Implemented by:



HELVETAS
Swiss Intercooperation

NEPAL

Financed by:



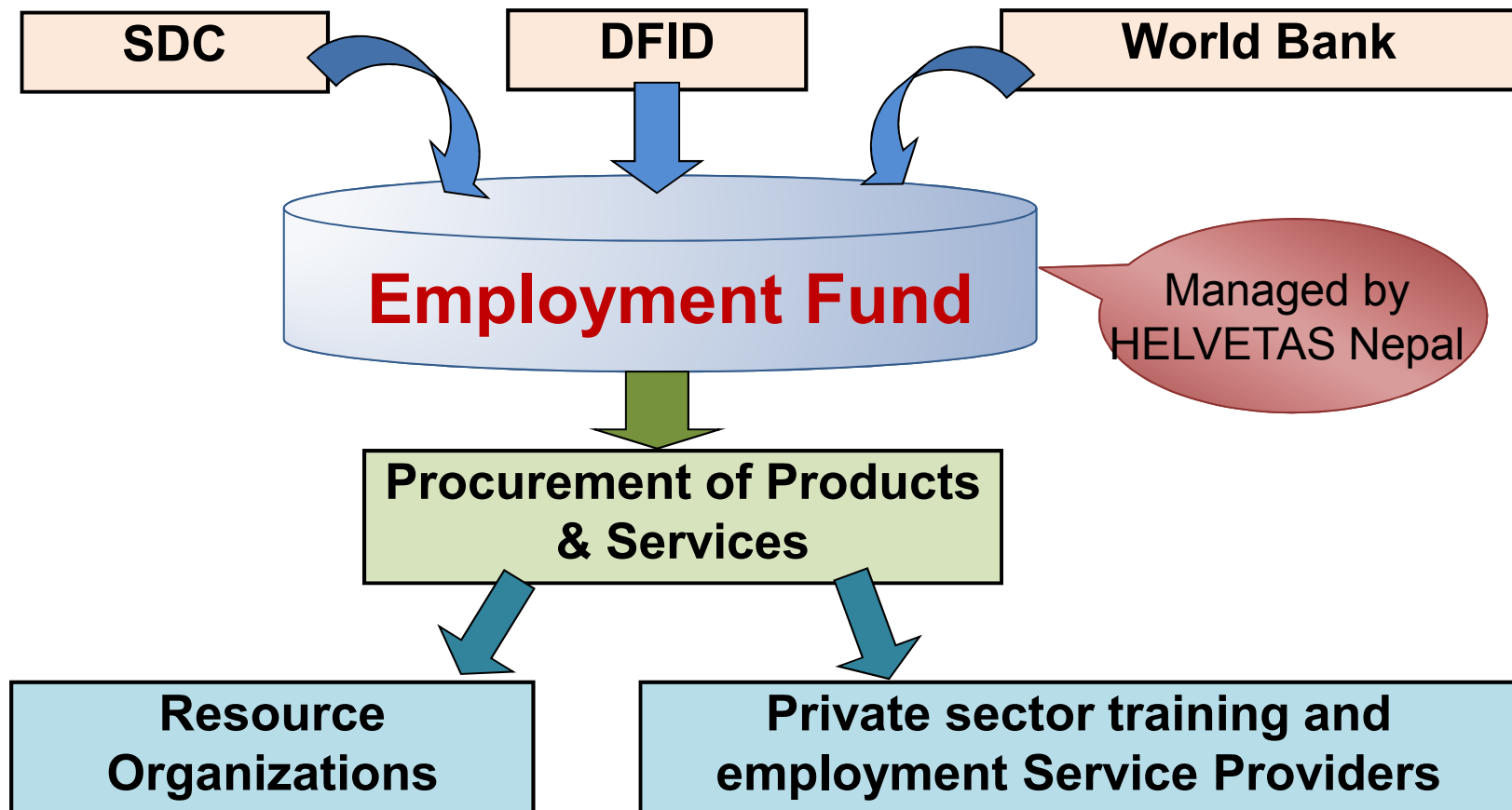
Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC



THE
WORLD
BANK

Employment Fund



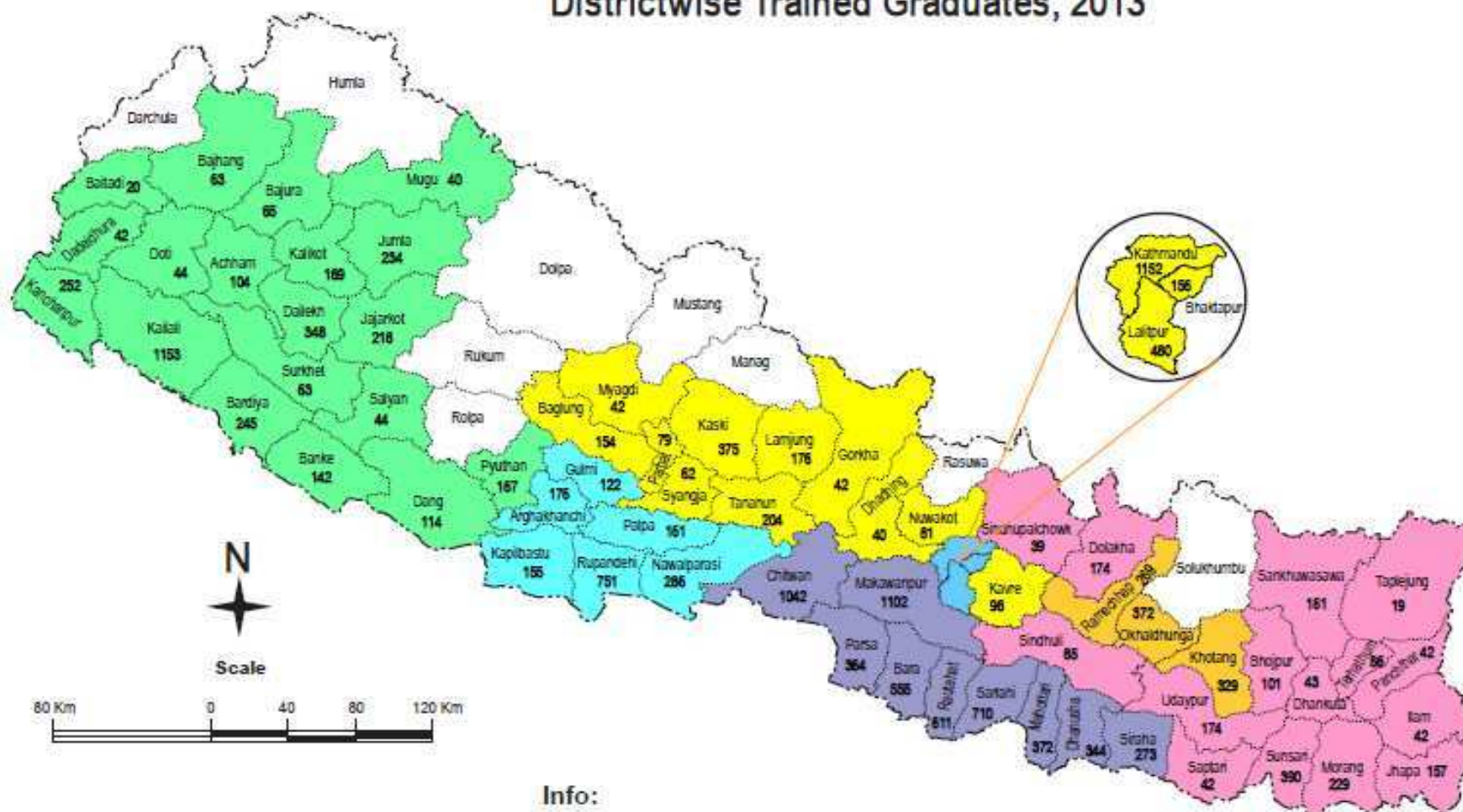
Employment Fund: Program Objective

**Provide vocational skills/Business skills training
to young women and men aged 18-40 years**

and

**ensure their gainful employment or create a new
job through Private Sector Training and
Employment Service Providers**

Districtwise Trained Graduates, 2013



Activity based financing



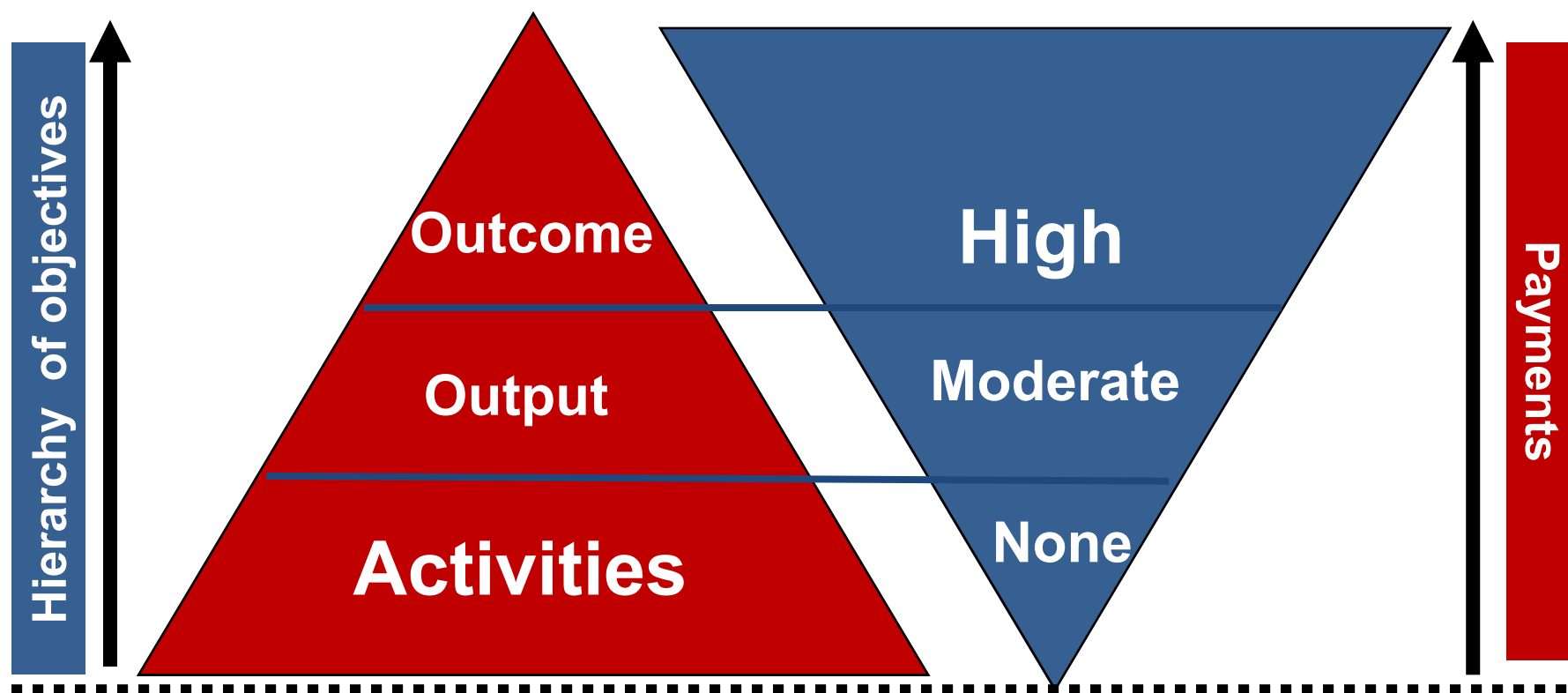
- Focuses on activities and input
- List of cost components for each activities are prepared
- Budgets are agreed and paid to accomplish activities
- Input and process monitoring
- Normally perceived as
Activities = Outputs = Outcome

Outcome based financing: Underlying principles

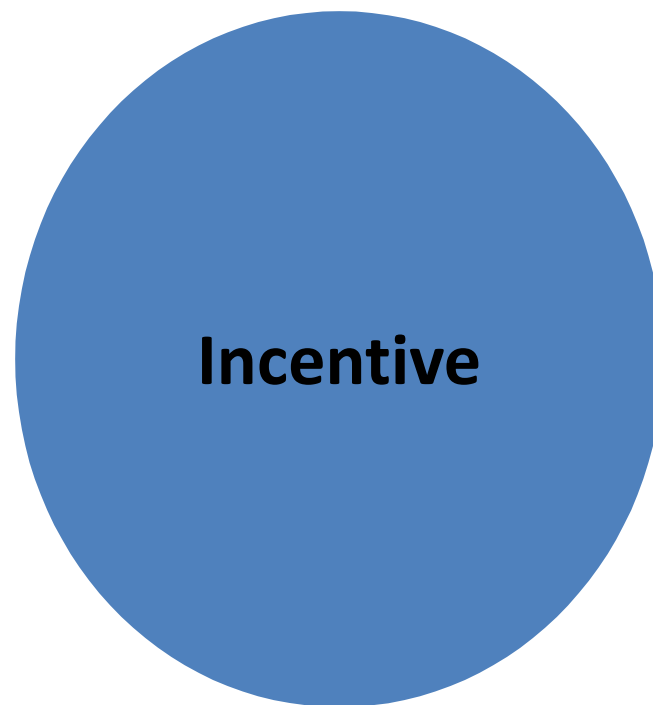
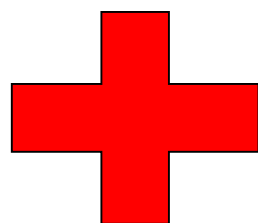


- Result orientation at all level
- Task completes only when the results are achieved
- Contracts are closed only after achievement of results
- Incentives/disincentives are tied-up with results

Pyramid of Outputs and Financing



Outcome Price

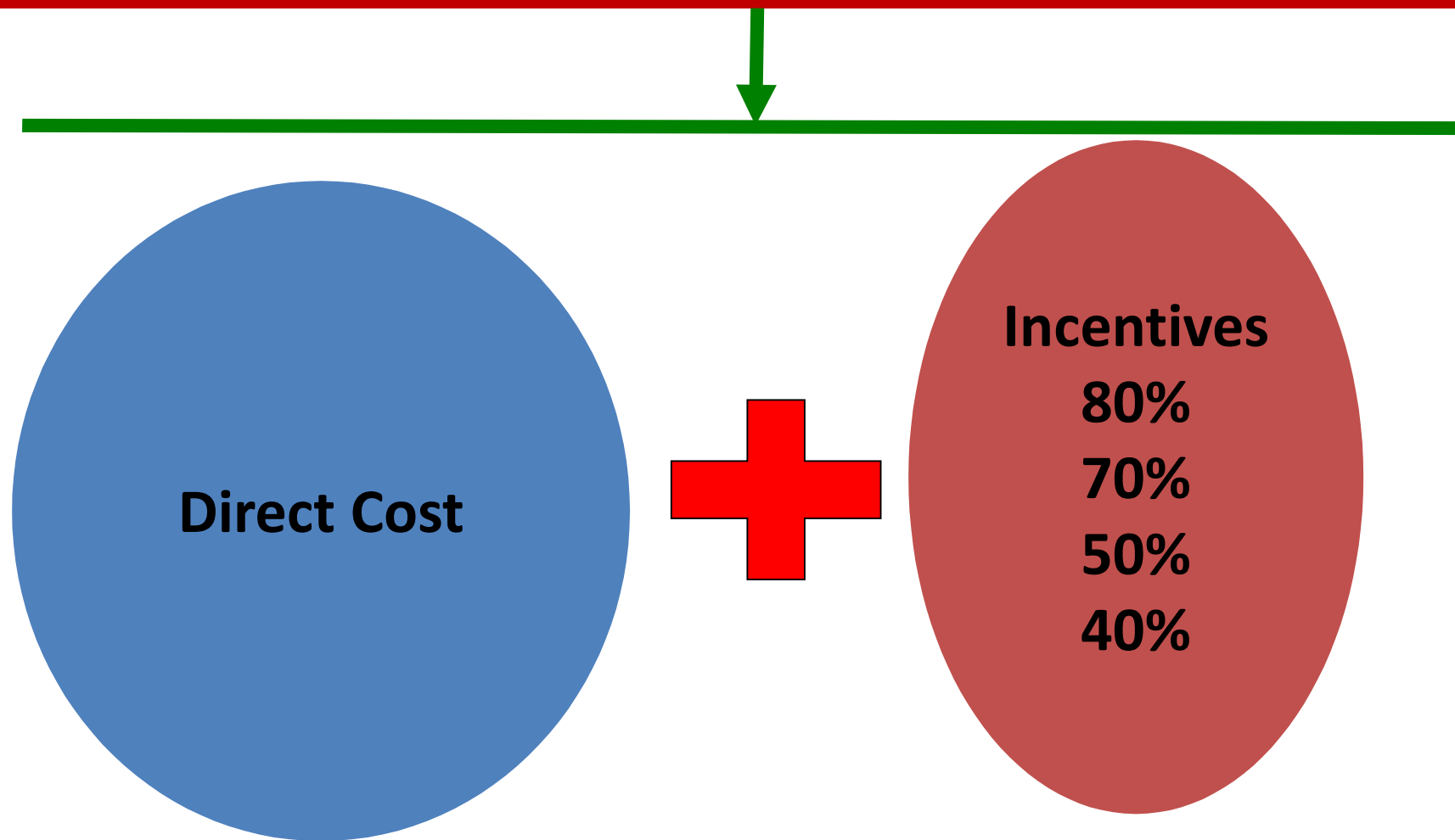


Incentive for Social Inclusion

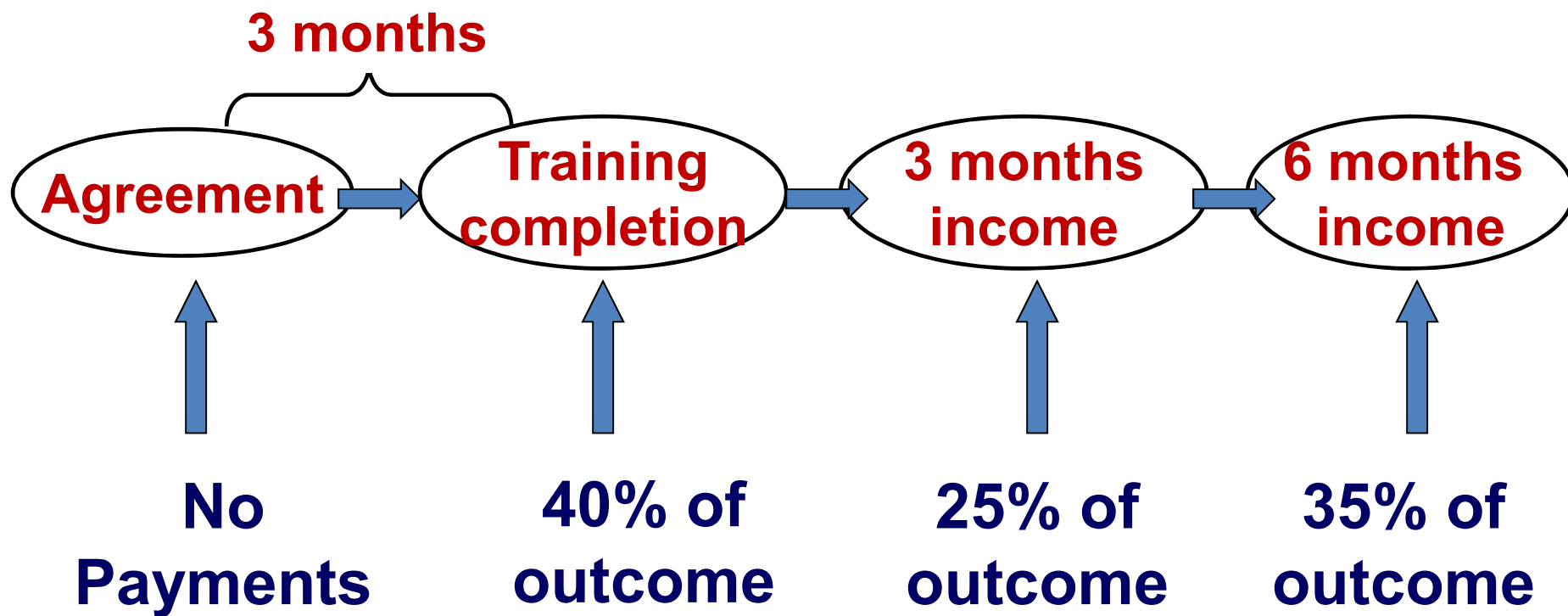


- **Category A (Dalit women) = 80% incentive**
- **Category B (Other women) = 70% incentive**
- **Category C (Dalit Men) = 50% incentive**
- **Category D (Other Men) = 40% incentive**

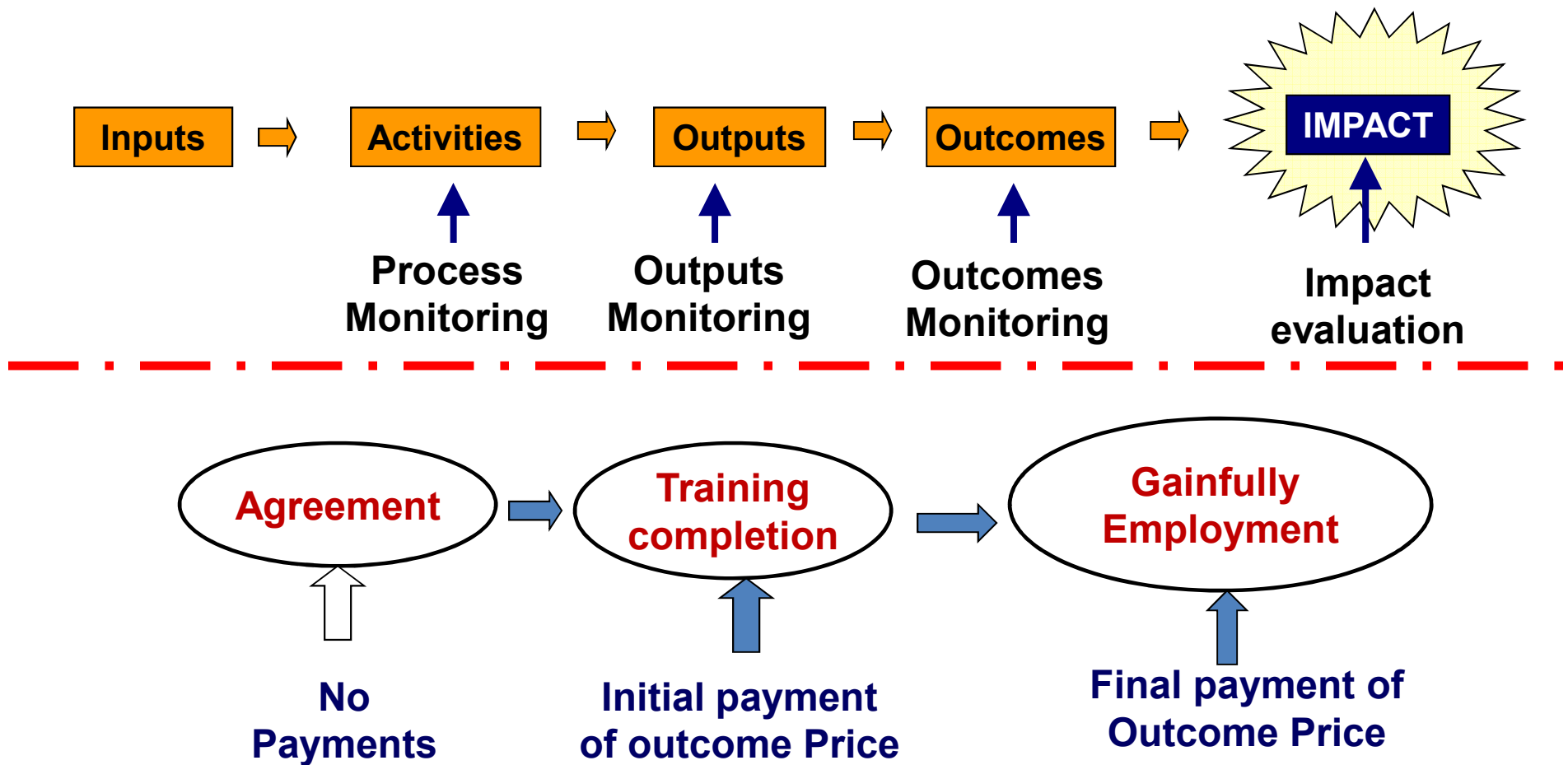
Inclusive Outcome Price



Employment Fund: Payment Chain



Results & Payment Chain



How does it work at Employment Fund?



- Agreeing for basic process
- Agreeing for the Results (i.e. Graduates, Employment and income)
- Agreeing for the Outcome price and Payment system
- Fixing measurement method

Prerequisites

- Assess the readiness of Partner
- Modest outcome target for Partner
- Set SMART Outcome
- Agree on process of implementation
- Define/agree monitoring system
- Incentive for good performance
- Disincentive for poor results



Challenges



- Activity based mindset
- Different understanding
- Difficulty on setting outcome indicator
- Fixing the outcome price
- Outcome Verification method/process
- Chances of manipulation on the ultimate outcome

Thank You



**The wheels of my life are turning fast,
thanks to my new 'Tempo' driving skills.**

After having attended a training in Tempo (electrical vehicle) driving & repairing, I am earning 12-15,000 Rupees a month. I am planning to take a loan in two years' time in order to buy my own 'Tempo'.
Mrs. Anjali Tamang (Bishwakarma), Solukhumbu, Marming VDC; completed 7th grade of primary schooling.

Implemented by:



HELVETAS
Swiss Intercooperation

NEPAL

Financed by:



Confederazione Svizzera
Confederaziun Svizra
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC



WORLD
BANK