

New Funding model for TVET in Georgia



Presentation 



Skills
Agency
Georgia



Content

- TVET provision financing overview in Georgia
- Main principles of the new VAT financing model
- Processes of documentation submission and funds disposal
- Main discussion questions and challenges

Overview of the last experiences



<2013

2013<

2025<

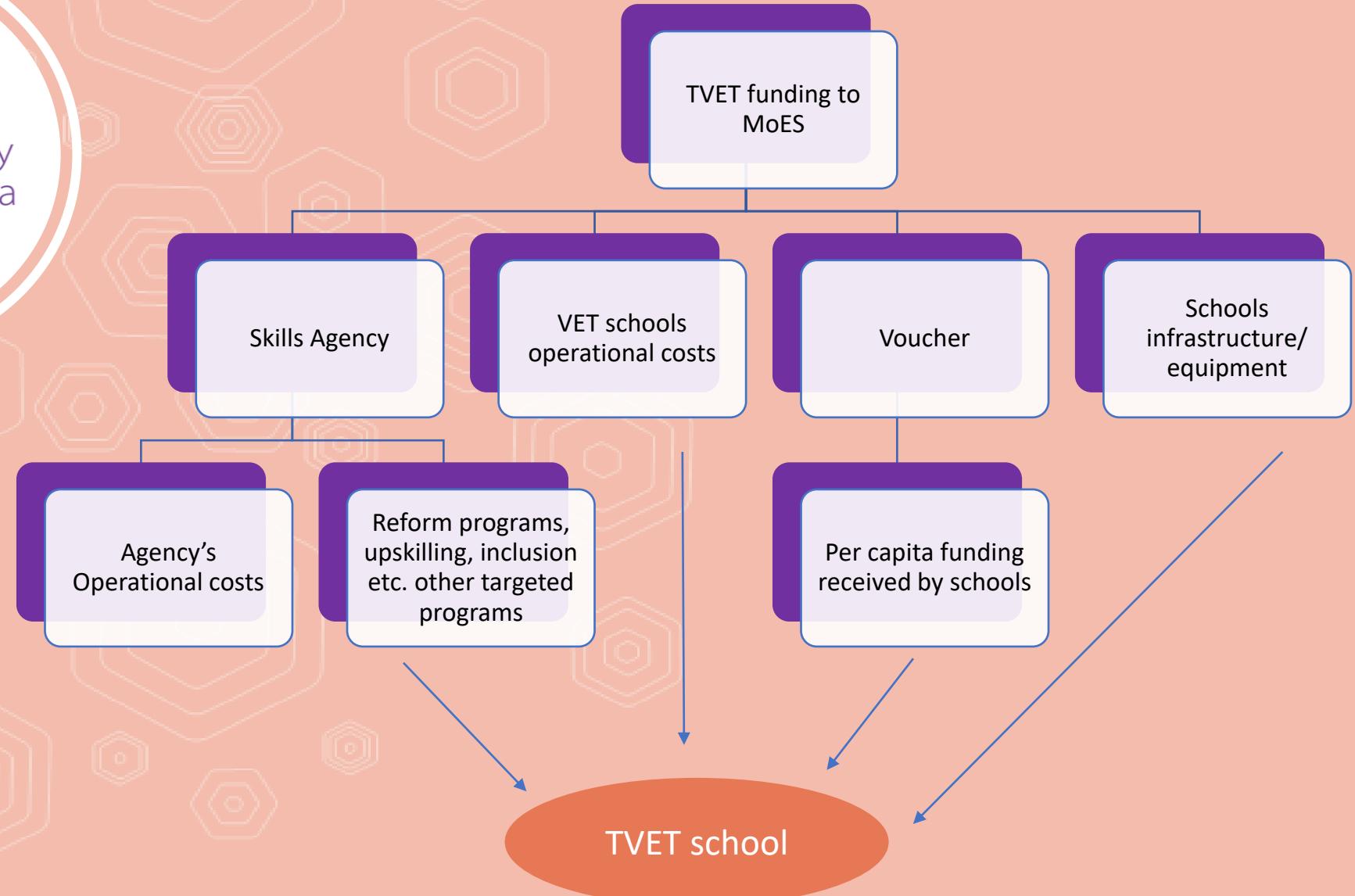


Program Funding
+ Mono-Voucher
system 1000 GEL

Program Funding,
Targeted Funding
Valued Voucher
system

Basic Funding
Development
Funding
KPI based funding

Overview



The Purpose of New Financial Model



- The purpose of this funding model is to ensure an efficient **mechanisms** for the **distribution** of state funding and co-financing **sources** for vocational education (diploma and certificate courses) submitted by the vocational education implementing organizations.
- As well as a description of **evaluation mechanisms** for funding decisions.
- The third main purpose of the our working process was a development of the **applicable cost accounting algorithm (model)** which enables comprehensive view of different financial sources **in one system**.



Main Principles

This approach of state financing of VAT is new and contains open architecture, so that periodically it could be revisited. However, the key principles have been developed to facilitate the sustainability and consistency of the state funding approach. Such basic principles are six:

1. Control of Output Variables

MoE is a responsible institution to set the VAT goals and targets and to define the corresponding state budget. The offered financial model measures the level of achievement of predetermined targets. Accordingly, the financial model is built on the principle of measuring output variables (and not the input variables).

For example, if the goal (target) is to reach a certain employment benchmark in a certain industry (sector) the approximate (available) budget is determined to achieve this goal. The financial model measures the extent to which the vocational education program has fulfilled the target benchmark of employment in a specified profession. The model does not provide the optimization solution how much the budget should be.

Main Principles



2. Cost normalization

Funding categories and costs units required for conducting VAT cover are very divergent. In order to model conducts calculation properly, it is necessary to homogenize and group costs and funding categories. For this purpose, the team relied on the value parameter (selected as a result of previous studies) - GEL / student / hour. Accordingly, all expenditure categories and funding categories are normalized in GEL student/hour units.

3. Cost averaging principle

Voucher funding is calculated based on the average cost figures in the grouped programs.

4. Program grouping principle

In order to calculate the average costs (basic voucher funding) for VAT programs, it is necessary to calculate the average spending for a comparable programs. Those programs are comparable that belong to the same (ISCO) - Employment Classifier, and/or (ISCED) - Education Classifier and to the same industry.



5. Individual contribution

Individual contribution means the student's participation in financing the VAT program. The purpose of this principle is in increasing the student's individual responsibility and motivation towards vocational education programs in order to select the program best suited to him;

Individual involvement serves to reduce the likelihood of early dropout, failure to graduate, and ultimately the impairment of state-invested financial resources.

Co-financing rates are different for vulnerable groups. Also, co-financing rates may differ by gender even in those programs where it is desirable to achieve gender balance.

6. The principle of program competition

Based on this principle, not only the right to the equal access to state funding is ensured among institutions implementing professional education programs within the framework of **basic voucher funding**. But also the program with a better evaluation within the framework of **performance-based financing** receives additional financial funds from the state.

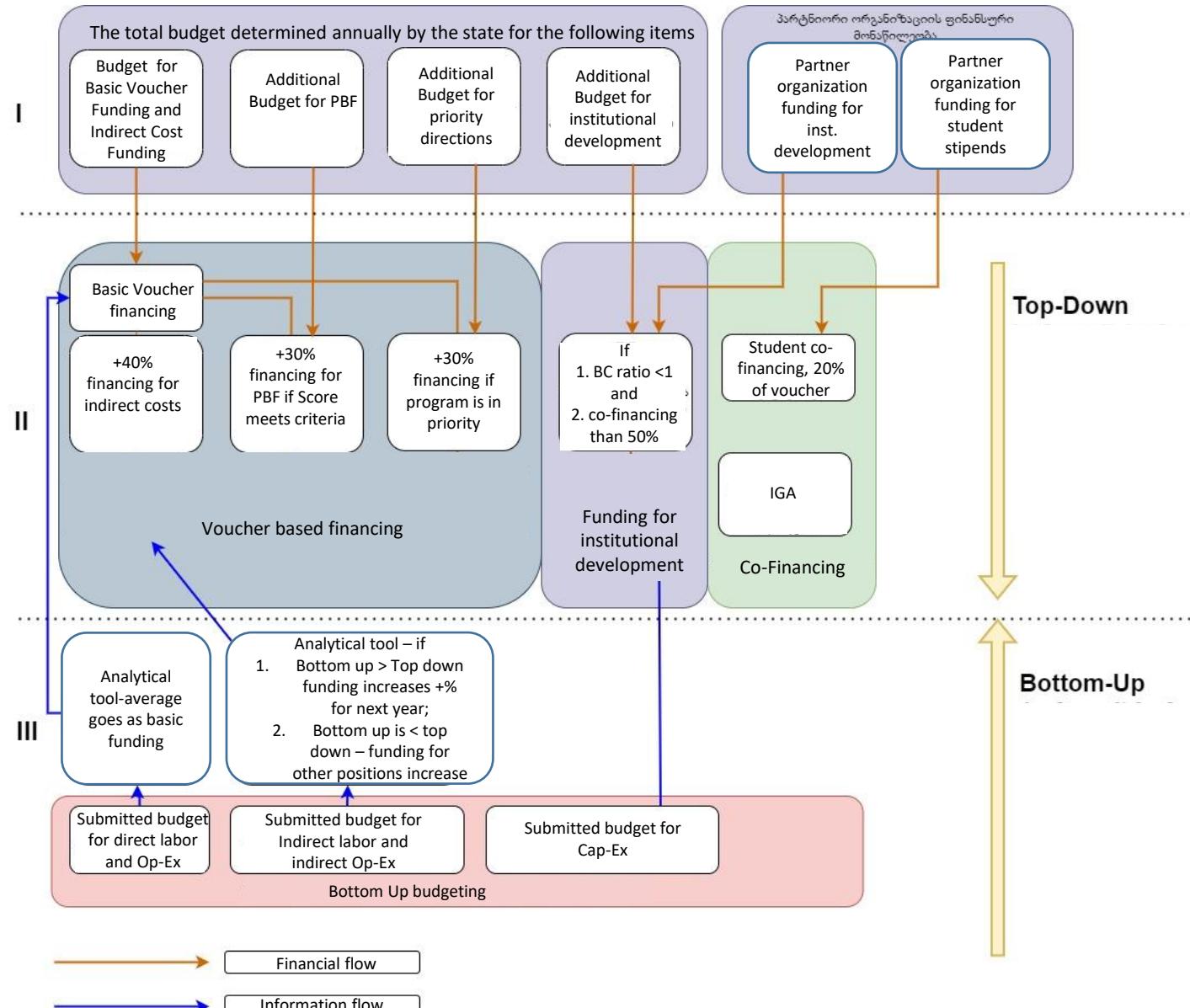
Funding Toolkit

The funding allocation approach is universal for all types of vocational education programs. Funding approach for diploma programs and for certificate programs differs only with certain exceptions and the differences are described separately.

The sources of Funding for institutions implementing professional education programs are divided into three categories:

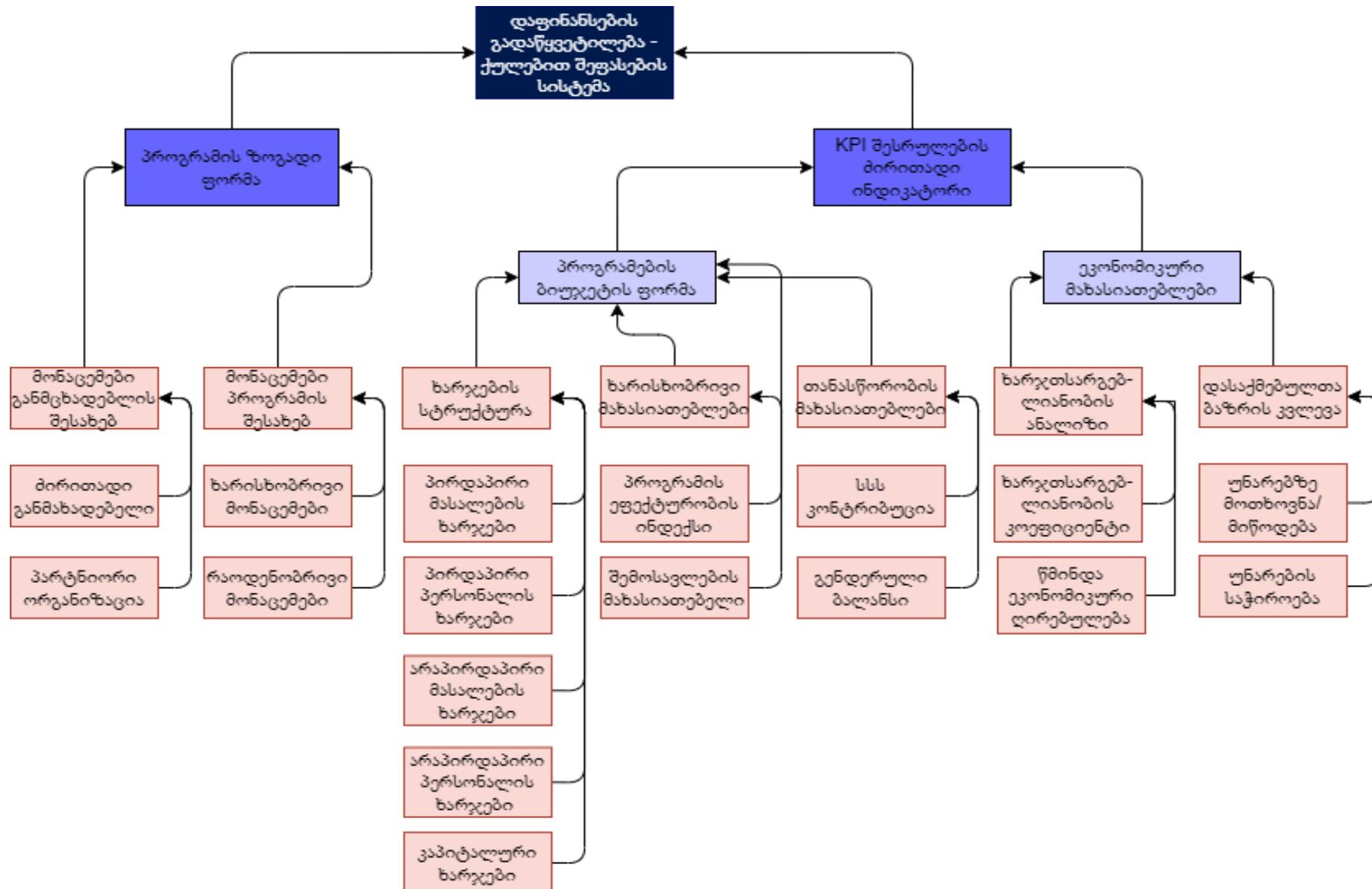
- Voucher Financing
- Financing for Institutional development
- Co-financing

Funding Toolkit



Scoring model

12



Scoring model

