

Policy-led Versus Place-based Approaches to Skills Development: Which Works Best?

About Skills for Prosperity

The Skills for Prosperity (S4P) programme supported the education and skills development of marginalised groups in nine countries across Africa, Asia and Latin America. By improving their work readiness, we help partner countries to have a diverse workforce with skills for the future and to drive sustainable and inclusive economic growth and poverty reduction. S4P is funded by UK aid from the UK Government and implemented by a consortium led by global impact firm [Palladium](#). Follow S4P on [Medium](#), [LinkedIn](#) and [Twitter](#) to keep abreast of the programme's updates and learning.

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Foreword

The global Skills for Prosperity (S4P) programme is a Foreign Commonwealth and Development Office (FCDO) aid-funded initiative operating from 2020-23 across nine countries (Brazil, Egypt, Indonesia, Kenya, Malaysia, Mexico, Nigeria, Philippines and South Africa). The S4P Hub is the central management hub for the S4P programme and has supported FCDO to oversee and coordinate programme delivery in the nine partner countries. This report is an output of the Hub's research, learning and policy function which aims to identify and share evidence and lessons learned with our partners and relevant international organisations.

The overall intended impact of the S4P programme is increased capacity for inclusive economic growth that contributes to poverty reduction in the partner countries. The programme aimed to achieve this through improving fragmented education systems and creating more robust education to employment pipelines. In S4P, programmes in each country contributed to its overall aims but their methodologies and scope were varied, reflecting their diverse country contexts and strategic priorities. For example, some programmes addressed skills challenges in specific sectors and geographies while others tackled broader thematic issues, such as youth employability, or enabled systems reform at a national level.

Reflecting on the diversity of S4P and recognising that there are many ways to support inclusive economic growth, we wanted to contribute to the global evidence base to try to determine which types of projects have the greatest impact. As the S4P country programmes have only just ended, it is too early to draw on S4P data. We therefore commissioned this research to test some of our learning and experiences from S4P and wider assumptions about effective programme design.

This research follows on from previous research commissioned by the S4P Hub, particularly *Investing in TVET & Skills Development*. The report presented the views of various TVET and skills development experts, including donor representatives, on effective approaches to investing in TVET. One of the observations in this previous report was that there appears to be a greater focus on addressing skills issues affecting economic sectors and that this has reduced the interest in projects addressing systemic issues in TVET and skills development. Part of the reason for this new research is to investigate if this shift reflects the available evidence on impact and if there are particular project features which are more likely to determine success.

The outputs from this research will hopefully inform future programming and investment in TVET and wider skills development in lower and middle-income countries.

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Executive Summary

Improved skills are an intended outcome of many economic development projects as they help employers and individuals alike, but skills development has a mixed reputation as an intervention. Some reviews of multiple projects have found disappointing results leading to questions over value for money. The authors of this report believe these mixed results are the result of the varying methods used to achieve the intended outcomes: the term 'skills development' includes radically different design philosophies that must be separated before they can be assessed. This study builds on two previous S4P pieces of research: a study into why donors target skills programmes,¹ which showed that economic growth was the dominant ambition driving investment, and an employer engagement study that emphasised the importance of private-sector engagement and enterprise partnerships. It takes the next step, seeking to discern the differences between skills development projects built on divergent philosophies, and to identify practice that works.

This study theorises two design types: those that target national technical and vocational education and training (TVET) policy reform and those that target local economic development, and proposes that the latter is more likely to be successful. It then uses publicly available evaluations to understand project features and the Theories of Change that underpin these, as well as the impact these projects achieve. More explicitly, the theory tested draws together the following assumptions:

- **Project approaches can be categorised into one of two types of design: policy-led or place-based.** Those that achieve impact by changing national TVET policy are categorised as policy-led projects; those that work by understanding the intricacies of identified locations, responding to their specific needs, are categorised as place-based.
- **The two approaches have distinctly different features driven by their design philosophies.** Policy-led design is driven by the demands of building policies and systems that can be applied across all sector and geographical contexts to achieve national impact; place-based design responds to many socioeconomic factors, and tailors the approach to each locality.
- **Place-based approaches will have a greater impact.** In the context of investments for socioeconomic development, place-based approaches are more consistent with an emerging consensus about the most effective ways to realise impact through skills development interventions, and with an established consensus among international development practitioners on the use of market-led intervention design.

Of the many thousand projects listed in the public databases interrogated for this study (World Bank, Asian Development Bank and DevTracker), only 60 had evaluations with sufficient information to allow comparative analysis, all of which were used in this study. It

¹ Comyn, P. (2023). *Investing in TVET & Skills Development*. The Palladium Group

therefore uses every usable evaluation, rather than a planned sample from a defined population, and our view into practice is driven by decisions made by the owners of the public databases on which projects should have a published evaluation. Observations about the 60 analysed projects are therefore robust, but conclusions about wider project practice must be made with greater care.

Projects were categorised as policy-led or place-based, and design features and Theories of Change were extracted from the evaluations. An impact score was derived from the projects' rates of return or equivalent data, which give an aggregate score of socioeconomic impact (though do not explore purely social development objectives such as equity). The analysis led to the following key findings about the projects within the scope of this study:

- **Projects can be categorised as either policy-led or place-based.** Even when they have elements of both categories, there is a single underlying design philosophy.
- **The projects were, in aggregate, relatively high impact.** The projects benchmark well against non-skills projects funded by the agencies from which the project evaluations were sourced; this contrasts with earlier research showing mixed results.
- **There are identifiable project features associated with high performance:** a focus on specific sectors, the use of funding mechanisms that incentivise changed behaviour, the inclusion of skills development as one component of multifaceted projects, and the inclusion of training as a project input.
- **The Theories of Change of high-performing and low-performing projects are different.** The Theories of Change of high-performing projects were more likely to focus on a smaller number of elements with immediate value to learners and employers, rather than on building institutions or systems that might have indirect benefits.
- **Place-placed projects are more likely to have the high-performing project features, and have Theories of Change with more similarities to high-performing projects. Despite this, on average they do not perform better than policy-led projects.** This unexpected finding can be explained, at least within the projects analysed as a part of this study, by two further unexpected discoveries:
 - Work-based learning is a project feature associated with low-performing projects, whereas it is seen as a high-performing tactic in other contexts (for example the dual system in Germany). In the context of the projects in this study, however, it may have risks. Work-based learning is often used for employed people who gain only incremental benefit (rather than the dramatic benefits of gaining a job) so the simple mathematics of evaluation may work against it; it is hard to do well; it is demanding of employers who may not prioritise training; and the term is not rigorously applied and may include low-value practice.
 - Many place-based projects employed standardised training and assessment models in place of tailored ones, which is likely to limit their ability to respond to local demand. This was not an expected feature of place-based projects as the assumption was that designers would prioritise local relevance.

The highest-performing place-based projects set up funds to incentivise the replication of multiple autonomous instances simultaneously. This was an effective tactic to escape the limitations of scale that might otherwise be a drawback of projects focussed on one locality.

Several further findings provide insights useful to project designers, but are not directly related to the comparison of policy-led and place-based projects:

- **Projects that include training as an input perform better than those that do not.** There were some indications that, as training is a principal mechanism through which a project might achieve impact, it is better to have it visible under project control.
- **The inclusion of targets for women did not lead to higher- or lower-performing projects, but they were less likely to appear in place-based projects.** This is a missed opportunity; place-based projects are strongly linked with market-led design methodologies, such as Market Systems Development, which have strong and well-resourced toolkits for inclusivity.
- **Place-based projects may have weaknesses in sustainability and progression opportunities for learners, because training or qualifications may not have a known value outside the immediate context.** However, projects used a series of tactics to combat these weaknesses. These included links to formal TVET, provision of international qualifications, and utilisation of strong endorsement from industry.

This study has limitations: findings are drawn from a sub-category of development projects (those for which a suitable evaluation was available) and the rates of return or equivalent data used to derive impact scores do not explore purely social development objectives.

The study's findings do, however, imply some considerations for people designing skills development interventions for economic and socioeconomic benefits:

1. View skills development as a programming priority, as it has both theoretical and proven value in delivering impact.
2. Use skills development as a component of multifaceted projects rather than as a stand-alone intervention.
3. Manage the complexities of multifaceted projects by focusing on specific sectors and localities and by using place-based project design.
4. Establish funds that link payments to meaningful outcomes for learners and employers in order to incentivise change, and to drive place-based projects in more than one location simultaneously.
5. Link place-based projects to structures with a national reach for sustainability and progression routes for learners. Use national TVET policy only where it adds value, and consider alternatives:
 - Adoption of a skills development model by large employers and commercial employer groups can offer sustainability.

- International qualifications can provide progression routes, especially in international industries.
6. Include targets for female participation in place-based projects and use the strengths of this design approach, which focuses on complex local realities, to understand and deliver solutions that are specific to their context.
 7. Do not assume work-based learning, including apprenticeships and internships, will deliver impact; it requires well-defined learning programmes supported by skilled staff and, where learners are already employed, substantial scale may be needed to match the impact of projects that target the unemployed.
 8. When building training systems, resources and materials, work with employer groups chosen for their effectiveness rather their formal status.
 9. Include training as a project input, and use it to provide transparency about the experiences of learners when evaluating impact.
 10. For TVET policy-led projects, focus on specific sectors; include skills development in a range of project components aimed at improving the landscape for enterprise and investment; build funds calibrated to incentivise change; and be careful if applying work-based learning – seeking to ensure that the methodology is well supported by investments into trainer and assessor capacity.

Introduction

Investors and donors wishing to support social and economic development are interested in skills development because, in theory, it does two things simultaneously:

- a) It helps attract investment and revenues by making skilled workforces available to firms, by improving management practice, and by encouraging entrepreneurship.
- b) It allows people to benefit from economic improvements by preparing them for jobs or for self-employment, and by making them adaptable to change. This opens possibilities for socioeconomic benefit because jobs, particularly the higher-quality jobs enabled by skills development and demanded by rapidly changing labour markets, provide the mechanism for increasing household income sustainably.

Despite the investment case seeming self-evident, the reported impact of skills development is, at best, mixed. A 2017 comparative analysis of vocational training programmes in developing economies found disappointingly low levels of impact on employment outcomes

as well as insufficient returns on investment.² A recent joint report by ILO, World Bank and UNESCO found that often ‘vocational secondary education appears to yield no returns in terms of employment or earnings’ and characterised current technical and vocational education and training (TVET) as a ‘risky investment’ for learners, even if it can pay out for many.³

Though there appear to be disappointing aggregate returns to skills development interventions, there are also examples of spectacular success, such as the Penang Skills Development Centre. This is credited with playing an important role in the growth of Malaysia’s electronics and engineering industries.⁴ There is also variation in how the terms ‘TVET’ and ‘skills development’ have been used over time and between contexts, so the range of projects that are categorised using these terms is extremely broad. This implies that skills development interventions should not be looked at as a whole, and that we should instead isolate approaches that work and factors that affect outcomes, finding a signal in the noise generated by the wide variety of intervention designs and TVET practice.

There is reasonable consensus among skills development practitioners, and the international agencies that provide thought leadership in this area, on what constitutes good TVET. Project designers and evaluators use similar criteria for describing an effective TVET system, which are well articulated by the World Bank’s Global Solutions Group:⁵

- a) **Access and completion:** existence of approaches to allow equitable access for people to join and complete programmes.
- b) **Quality:** quality assurance that addresses variability in outcomes for learners and challenges perceptions of the vocational track being a second-best option.
- c) **Relevance:** engaged local employers that ensure the curriculum and delivery of programmes respond to labour-market needs.
- d) **Efficiency:** governance, financing, and quality assurance that improves the efficiency of skills development programmes.

Despite this consensus on the features of good TVET and how it informs broader skills development practice, there is less agreement on how to design interventions that enable its development. Research commissioned by the FCDO’s Skills for Prosperity Hub in 2023,

² Fox, L. and Kaul, U. (2017). *The evidence is in: How should youth employment programmes in low-income countries be designed?* US Aid.

³ Levin, V., Santos, I., Weber, M., Iqbal, S., Aggarwal, A., Comyn, P., Katayama, H., Hoftijzer, M. (2023). *Building Better Formal TVET Systems : Principles and Practice in Low- and Middle-Income Countries (English)*. World Bank.

⁴ World Bank (2020). *World Development Report 2020: Trading for Development in the Age of Global Value Chains*. World Bank.

⁵ <https://www.worldbank.org/en/topic/skillsdevelopment#1>

Investing in TVET & Skills Development, found wide variation in intervention design philosophies and approaches, and a marked change in approaches over time.⁶

Finding the design approaches that work is important. Even with variable results, skills development remains a current and rising priority for intervention due to a practical reality: if people are to perform skilled jobs and benefit from them, they must be trained.

This study explores different approaches to skills development, with a focus on (a) those that drive change through changes in national TVET policy and (b) those that operate in a specific geographic location to foster skills development at a more localised level.

Theoretical Framework

This study theorises that skills development interventions that operate through improvements to national TVET policy are distinctly different from those that are focussed on place (i.e. centred in a specified locality or region within a country), and that the place-based approaches are more likely to be successful in realising economic and social benefit. This study tests the theory by analysing all publicly available project evaluations in the World Bank, Asian Development Bank, and Development Tracker (FCDO) databases that have sufficient data to allow analysis. Projects with a skills development component, and for which there was an evaluation available, were categorised according to whether they were TVET policy-led or place-based to allow their average impact to be compared. The detailed research approach is outlined in the following section.

National TVET Policy-led interventions are those that work at national government and institutional level, aiming to achieve large-scale benefits by improving structures such as TVET regulatory frameworks. **Place-based approaches** work in a more localised way, aiming to achieve impact through a focus on the relationships between actors in specific geographies and responding to their unique realities.

The reason for proposing that place-based interventions are more likely to be successful is that local realities matter for economic development, and benefits from skills development are easier to achieve where localised economic opportunities have been considered within project design. Four observations that support this statement are as follows:

1. **An emerging consensus between some thought leaders on how to promote skills development is more consistent with place-based approaches than policy-led.** An ILO, World Bank and UNESCO paper, *Building Better Formal TVET Systems: Principles and Practice in Low- and Middle-Income Countries*, explores the changes that need to

⁶ Comyn, P. (2023).

be made to TVET systems to make them more effective.⁷ While the paper does not separate national TVET policy from place-based approaches, it does propose a series of transformations that would be more easily achieved by projects that focus on local realities:

- a) Focussing on excellence as defined by employers and learners rather than recognition in formal policy– a series of actions that are highly centred on specific relationships between training providers and employers, being responsive to local need, and adopting more work-based learning structures such as apprenticeships.
- b) Focussing more on outcomes than inputs or processes, and allowing appropriate autonomy for training providers to respond to their employer and learner clients. This includes a recommendation to align financing arrangements to outcomes, enabling more autonomous local partnerships.
- c) Moving from decisions based on conjecture to decisions based on evidence – making better information available on returns to TVET so that stakeholders can make rational decisions, rather than driving behaviour through policy compliance.

The paper also considers how TVET should be governed and how TVET actors should be held to account, and compares national policy and regulation with local place-based approaches. It points out that national policy ‘requires significant government capacity and considerable time’ and that quicker wins can be gained by improving ‘direct accountability between employers and providers and between learners and providers’. This is significant in the context of this paper, as it suggests that local accountability is more likely to have an impact during the lifetime of an intervention than changes to national policy.

2. Many successful intervention designs take a market-led approach, including skills as one of many components, and often focussed on a specific locality or sector.

The 2023 Skills for Prosperity Hub report found a trend for skills development to be considered more of a programming theme, complementing other economic development themes in a programme, rather than a central policy priority demanding change to national TVET systems. This is consistent with Market Systems Development philosophies that focus on identified markets and value chains, a commonly used approach to intervention design with proven impact.⁸ Market Systems Development is likely to lead to multifaceted projects that address many challenges and opportunities within an identified market. It is easier to align work on multiple themes at a local level and in specific sectors than at a national level across all sectors. In fact, all UK Aid projects reviewed as a part of this project belong to a period during which Market Systems Development was the dominant approach, and all of them used place-based

⁷ Levin et al. (2023).

⁸ https://beamexchange.org/to_pdf/?url=/community/blogs/2017/11/14/market-systems-development-impact/

design rather than national TVET approaches. Additionally, around nine in 10 of the projects reviewed in this study that were multifaceted in their design used a place-based approach for the skills development element. The expected benefits of multifaceted projects, and the practical advantages to managing their complexity by focussing on specific geographies or sectors, is a further reason why place-based designs can be expected to outperform national TVET policy-led designs.

3. **Economic development approaches often include highly devolved decision-making, requiring equally devolved skills development.** Localised approaches include economic clusters, special economic zones, and devolved government. The idea that economic development is easier to plan at a local level is well established, and the concept has survived globalisation. The implication of place-based economic development for skills development is that it must map the economic growth strategy with an equally locally focussed skills strategy. This is well articulated in the concept of Social Ecosystems Models, a focus of one of the G20 working groups.⁹ These imply a need for skills development to respond to place-based leadership, as well as planning anchored in specific geographies.
4. **National policy require local action to have an impact, but local interventions don't always need national policy.** A successful place-based approach may succeed even if national policy is weak simply because local actors have an interest, whereas a good policy intervention cannot survive poor take-up by employers and other local actors.

The 2023 Skills for Prosperity Hub report, which included interviews with a wide range of TVET professionals, recognised a tendency to move away from national TVET policy-led projects but warns against a failure to consider national systems. Though we might expect higher performance in place-based projects through their multifaceted nature and their focus on specific industries, there may be limitations to projects that fail to address national TVET policy:

- a) **Scalability.** If the focus is on place-based relationships in a single location, then even successful projects have a limit to the extent to which these relationships can be scaled.
- b) **Sustainability.** Place-based projects may be dependent on place-based leadership, as predicted by the Social Ecosystems Models model. This leadership is, in turn, dependent on the vision and drive of individual people rather than bureaucracies. As people change and move on, will impacts seen in-project start to fade?
- c) **Mobility and progression.** If learners receive training and qualifications that focus entirely on the local context, without reference to national regulatory structures, it might

⁹ Spours, K. (2019). *A Social Ecosystem Model: conceptual developments and implications for VET*. UCL Institute of Education.

limit their ability to find work outside their region or gain entry into higher-level learning because the value of the qualification may be unknown outside the immediate context.

The author of the 2023 Skills for Prosperity Hub report states that ‘projects should and can be designed to address constraints at the system, sectoral and local levels in an integrated and effective manner’. This proposition is echoed by the conclusion of a think-piece from the ILO, which specifically considers the role of national governments in skills development projects that are the result of Market Systems Design: ‘Addressing symptoms by only ‘filling’ immediate gaps in the capacities and incentives of local actors is unlikely to achieve sustainable impact at scale and may prevent sustainable change from taking place.’¹⁰

Approach

The study authors analysed publicly available evaluations of interventions that aimed to enhance socioeconomic impact to explore the relationship between project type and project impact.

International development projects with a clear element of skills development were selected from three databases: World Bank projects, Asian Development Bank projects and DevTracker (FCDO) projects. These databases were selected as they had a clear measure of costs versus benefit, or data from which a cost-benefit analysis could be drawn. Other databases were excluded as project information was too limited to be useful, or because project data was difficult to access. Projects were shortlisted from the selected databases when they had a clear measure of return on investment or cost-benefit analysis, or some basic measures that would allow these elements to be calculated. The list of projects included in the analysis is in Annex 2.

The data collection phase involved a review and shortlisting of all relevant projects before categorising them, and the assimilation of three kinds of information from project evaluations:

- Project features that had an expected relationship to the policy-led and place-based categories.
- The elements of the projects’ Theories of Change.
- An impact score derived from the numerical impact evaluations.

¹⁰ ILO (n.d.). *A market systems approach to skills development*. Available at: https://www.ilo.org/empent/Projects/the-lab/WCMS_851264/lang--en/index.htm

60 projects were available for analysis; in one case, several project elements were combined into a single case to avoid skewing the data by over-representing a single intervention. All the evaluations found described projects in low- or middle-income countries.

Categorising Projects as TVET Policy-Led or Place-Based

The 60 intervention projects were first categorised either as national TVET policy-led or place-based. These are the principal categories for the study, drawing a distinction between projects that alter national TVET policy such as national qualifications frameworks and regulatory environments, and those that focus on local relationships between employer communities and any training providers with whom they work.

In some cases, projects included elements of both policy and place, but it was nevertheless possible to discern a dominant design philosophy. All projects were therefore allocated to a discrete category. For example, a project that included improvements in national regulation (a tactic of policy-led projects) and improvements in a specific regional college (a tactic of place-based projects), but that only measured outcomes for the college and its employers, would be classified as place-based. Conversely, a project that tried to improve the links between employers and training providers (a focus of place-based projects) by driving the use of a template agreement for all training providers and employers through national TVET policy was classified as being policy-led.

Project Features and Project Theory of Change

The project features identified and analysed in this study were:

1. **Focus on specific sectors** - identifies whether a project was specific in its sectoral focus or whether it attempted to develop skills development systems in a sector-agnostic way. It was expected to be more prevalent in projects that were driven by a place-based design philosophy, as regions tend to have specific industrial investment priorities and programme designers seek to narrow the scope of projects to manage their complexity.
2. **The use of funding as a driver of change** - specifies projects in which desirable behaviours of training providers and other actors are incentivised by instituting funding arrangements that only pay out for skills development services when they conform to the requirements of the intervention design. Linking funding to outcomes rather than inputs can be a powerful way of allowing local autonomy in decision-making and was expected to be an enabler of place-based projects.
3. **Link to non-skills/non-jobs objectives** - looks at projects that are not stand-alone skills development projects, instead having multifaceted project designs that include one or more components unrelated to skills development. Typically, other components were related to employment promotion, such as enterprise support.
4. **Inclusion of training in the project** - explores whether training was an explicit project input. The expectation was that training would be routinely demanded by place-based

projects; these are more likely to be focussed on tangible results rather than making systemic changes that achieve impact outside the immediate control of the project.

5. **Locus of training:** wholly institution-based or using work-based learning (WBL). The distinction between these two types of intervention is driven by a recommendation from the ILO, World Bank and UNESCO report, which states that TVET 'should lean into the practical focus by promoting WBL through, e.g., apprenticeship and internship opportunities' to drive the quality and relevance of programmes. Projects were categorised according to whether they employed:
 - a) **Wholly institution-based learning** (i.e. learners study only with training providers, and not as part of their employment) – where there is no mention of WBL either as a project input or as a feature of the training system that existed before the project was started.
 - b) **WBL** – where either the intervention or the pre-existing skills development approach included WBL described as apprenticeships, internships, on-the-job learning, dual system, or in-work training.

The projects' Theories of Change were understood by noting the inputs, outputs, outcomes and expected impact cited in the project appraisal. Some of these were inferred where information was not stated directly.

Approach to Analysing Project Impact

As part of the analysis phase, projects were given an impact score of between 0 and 10. As the three databases use different methodologies to calculate costs and benefits, the top-scoring project for each database was awarded a score of 10, and all other projects were allocated a score proportionate to this maximum. The formula was, for each database: $[\text{Project Impact Score}]/[\text{Maximum Impact Score}] * 10$. In one case, an outlier was recoded to have the second highest score within the database to avoid overly skewing the data.

The basis of the impact scores for World Bank projects was Economic Rate of Return/Financial Rate of Return (ERR/FRR). This was taken at the evaluation measurement point (end of project), apart from in three cases in which appraisal data (start of project) had to be used. The basis of the impact scores for Asian Development Bank projects was Economic Internal Rate of Return. There was no standardised reporting used in DevTracker projects, for which a measure of cost-benefit was calculated (10-year total benefit divided by total cost). Uncertainties in original project calculation methods, combined with missing data, means that we have the least confidence in the comparability of DevTracker data of the three data sources.

Limitations

There are a number of limitations of this research. Study comparability is the most important of these; the methods used for calculating the rate of return for the World Bank and the Asian Development Bank are not clearly set out and it is therefore impossible to know how

objective these measures are and whether they compare fairly across projects. The DevTracker data was manipulated to get a rough proxy for rate of return and is likely to be less comparable than the more standardised measures.

Of the many thousand projects listed in the public databases interrogated for this study (World Bank, Asian Development Bank and DevTracker), only 60 had evaluations with sufficient information to allow comparative analysis, all of which were used in this study. It therefore reviews every usable evaluation, rather than a sample selected to allow us to employ normal statistical tools to draw conclusions about a defined population. This study's view into project practice is, in effect, chosen for us by the owners of the public databases and their choices about which projects to evaluate, as well as which evaluations to make public. As a result, observations about the 60 analysed projects are robust but conclusions about wider project practice must be made with greater care.

The impact scores assigned to projects in this study were based on rates of return and cost-benefit measures (as outlined in the Approach to Analysing Project Impact section). These scores provide an economic measure of impact. As such, they do not encapsulate purely social developmental objectives such as equity; it would be useful for a comparative measure of these to be developed as a benchmark for future projects. The study team was also reliant on the summary project information made available by the relevant repositories and this information may have been incomplete. In some cases, it was necessary to infer parts of the Theories of Change – for example, if investment in buildings was listed as an input, it was inferred that improved infrastructure was a planned output. In other cases, we may have interpreted the categories in a different way than the project teams might have done. The Theories of Change may also reflect ambitions rather than reality. Furthermore, the rate-of-return figures do not take into account external shocks (as far as we are aware) that may have occurred over the course of the project – for example, the sociopolitical situation in Afghanistan or Covid. The number of projects that were reviewed is relatively small for large-scale disaggregation of data.

Though insights from S4P have informed this report and its theoretical framework, it was not possible to include an in-depth case study of S4P in the main analysis due to a lack of quantitative data on benefits. S4P projects were also newly closed or near closure at the time of writing this report; a final impact evaluation would therefore have been premature.

Finally, and importantly, there are a huge number of potential variables that affect impact, and we have no real-world way of determining either cause and effect or whether we have selected the most important variables for analysis.

Average Impact Scores of Interventions by Project Feature

A detailed comparison of projects with the features identified in this study is given in the sections below, but Table 1 shows difference in average impact of projects with each feature, and Table 2 shows how the project features relate to each other, and to the policy-led and place-based categories. Some striking findings arise from this analysis:

a) Findings that are consistent with our theoretical framework:

- A focus on a specific sector, use of funding as a driver and links to non-skills/non-jobs objectives are all features of higher-impact projects and are all features more associated with place-based projects.
- Inclusion of training in project design is associated with higher-impact projects.

b) Findings that are inconsistent with our theoretical framework:

- Average impact scores for policy-led and place-based projects are the same. Though this is not an expected result in the context of our theoretical framework, there are strong indications of a more interesting distribution of impact scores. This is discussed in the *National Policy versus Place-Based Projects* section below.
- The use of WBL is associated with lower-impact projects. Reasons for this may relate to the indicators used and/or how impact has been measured; these are discussed in the relevant section below.

An important finding of this study is that skills development interventions have more impact, on average, than other interventions. This finding contrasts with the disappointing results found in studies cited in the introduction. The most easily compared projects are those in the World Bank database, which uses Economic Rate of Return (ERR) to compare the performance of projects. The Bank's ERR for all projects averages 15%, with education sector projects averaging 19%.¹¹ The ERR of all skills projects that specified this figure averages much higher, at 28%.

Table 1: Impact Scores

Policy vs Place-Based Approaches	
Policy	Place
2.5	2.5
Focus on a Specific Industry, Service or Sector	
Yes	No
3.5	2.0
Funding as a Driver	
Yes	No
3.2	2.1
Link to Non-Skills/Non-Jobs Objectives	
Yes	No
3.0	2.3
Inclusion of Training in Design	
Yes	No
2.7	1.9
Locus of Training	
Provider-Led	WBL
3.0	2.0

¹¹ Herrera, S. (2005). *The Economic Rate of Return of World Bank Projects* (English). World Bank.

Table 2: Links Between Project Features – Proportion of In-scope Projects Found to have Each Feature

	Policy vs Place		Focus on Specific Sector		Funding as Driver		Link to Non-Skills/ Non-Jobs Objectives		Inclusion of Training	
	Policy	Place	Yes	No	Yes	No	Yes	No	Yes	No
All	35%	65%	32%	68%	35%	65%	32%	68%	77%	23%
Policy vs Place-Based Approaches										
Policy			14%	86%	24%	76%	10%	90%	71%	29%
Place			41%	59%	41%	59%	44%	56%	78%	22%
Focus on a Specific Industry, Service or Sector										
Yes	16%	84%			26%	74%	63%	37%	74%	26%
No	44%	56%			39%	61%	17%	83%	78%	22%
Funding as a Driver										
Yes	24%	76%	24%	76%			5%	95%	86%	14%
No	41%	59%	36%	64%			46%	54%	72%	28%
Link to Non-Skills/Non-Jobs Objectives										
Yes	11%	89%	63%	37%	5%	95%			79%	21%
No	46%	54%	17%	83%	49%	51%			76%	24%
Inclusion of Training in Design										
Yes	33%	67%	30%	70%	39%	61%	33%	67%		
No	43%	57%	36%	64%	21%	79%	29%	71%		
Locus of Training										
TP-Led	44%	56%	32%	68%	39%	61%	32%	68%	80%	20%
WBL	16%	84%	32%	68%	26%	74%	32%	68%	68%	32%

Focus on Specific Sectors

Projects that focus on specific sectors had higher impact scores than those that did not, and they were more likely to be categorised as place-based projects. As outlined in the theoretical framework above, these findings were expected.

Those that adopt such a focus tend to invest more heavily in capacity building for training providers than those that do not, and aim more for outcomes of productivity. Oddly, they cite the input of employer engagement less than other projects, but this may reflect that some sector-focussed projects are already employer-driven and do not need employer engagement as a specifically funded input. Figures 1 and 2 in Annex 1 show the comparison of the Theories of Change adopted by projects that focus on specific sectors.

A good example of a project that displays these features is the *Sudokkho* project in Bangladesh, which worked very closely with employers in two sectors. The project team was able to understand and articulate the value proposition of training to employers, and then build a business model that did not require subsidy. This new business model was part of effective capacity development of training providers, and the value proposition to employers was based on proven improvements in productivity.

Exhibit 1: Skills and Employment Programme, Bangladesh (Sudokkho)

Project Details	Skills and Employment Programme Bangladesh (Sudokkho), Dev Tracker ID 201851
Objective	To enhance the provision of private sector skills training in the ready-made garments (RMG) and construction sectors in Bangladesh – in particular, training that effectively supports the poor, women and disadvantaged populations into decent employment. It sought to do this by applying market development principles to stimulate private-sector investments in training for poor and disadvantaged people that can achieve scale and sustainability.
Key features	Place-based; used WBL; focussed on two sectors.
	<p>The project applied Market Systems Development principles to correct failures in skills training in the RMG and construction sectors of Bangladesh. It had two components: (i) supporting private training providers to offer affordable quality training that enhances employability; and (ii) supporting private-sector employers to develop and operate innovative and sustainable industry-led training facilities.</p> <p>The project focussed on place-based relationships between specific employers and their engaged training providers, or on employers' in-house training capability. Training providers were outside the formal public TVET infrastructure, though were encouraged to register with appropriate authorities.</p> <p>Where external training providers were engaged by employers, they were given a new business model, alongside the necessary assets to run it, for the services they delivered. This business model incorporated payments from employers and trainees that were consistent with the value they received and their ability to pay, and avoided the need for subsidy into the long term.</p> <p>The project established industry bodies, Industry Skills Councils. These mirrored the functions of formal sector bodies, though they were not recognised as a part of the formal TVET policy landscape. This is notable, as there were already formal sector bodies in both industries.</p>

The reviewers of the project were acutely aware of the scale and sustainability limitations of projects that focus on the needs of specific factories and the training providers that serve them, and that do not directly affect national TVET policy: ‘programme[s] like *Sudokkho* can only initiate a process towards a sustainable and systemic training market’. These limitations were an expected feature of the project. Its business case had always envisaged that wider change would be effected by setting a precedent. The review noted several places in which sustainability was dependent on Government of Bangladesh’s adoption of *Sudokkho* elements.

The project was successful in its own terms, improving the livelihoods of 72,000 people and achieving the maximum impact score in this study. *Sudokkho* also successfully demonstrated an effective model and, at the time of the review, there were some indications that it was influencing practice and policy: some factories had adopted the model, the project’s competency standards and assessments were adopted by appropriate authorities, and the formally recognised sector body for the RMG had agreed to adopt the model in its training institution.

The Use of Funding to Incentivise Change

The design of funding models is often used to incentivise changes in the way that training is delivered in multiple locations. This is one way in which intervention designers have avoided the potential limitations of scale that are inherent in place-based approaches (see the *Theoretical Framework* section above). In fact, of the 21 projects that use funding in this way, 16 of them were to drive place-based approaches at scale. Furthermore, 16 of the 39 place-based projects use funding in this way, as opposed to five of the 21 policy-based ones.

This project feature is associated with more impactful projects, and projects that employ this feature within place-based designs achieved higher impact scores than either policy-led projects or the place-based projects that did not employ this feature. **Of the highest-performing 10% of projects reviewed in this project (6 projects), all but one used funding to incentivise change.**

Exhibit 2 below is an example of an FCDO project in Pakistan that used funding to drive place-based models at scale. The project almost entirely ignored TVET policy in its design, instead driving change through direct relationships with industry. It was seen as a success by the provincial government, allowing the project to start to influence TVET policy.

One of the highest-performing projects reviewed in this study is the World Bank PROSOFT project in Mexico detailed in Exhibit 3. This is an example of ICT industrial strategy that uses funding to drive scale by encouraging a large number of place-based skills development initiatives.

Exhibit 2: Punjab Economic Opportunities Programme, Pakistan

Project Details	Punjab Economic Opportunities Programme (PEOP), Dev Tracker Programme Code: 113484. Pakistan
Objective	To improve income-earning opportunities for 145,000 poor and vulnerable people (40% women) in selected districts of Punjab by equipping them with market-oriented vocational skills by June 2016.

Key features	Place-based; training provider-led; uses funding as a driver of change.
<p>The project is focussed on one sub-national region. Another key place-based element is its focus on relationships between specific firms and their engaged training providers. The project review document states: ‘80% of contracts signed with the private sector include direct partnerships with industry, in recognition that firms are often best able to deliver relevant skills training.’ The project originally included almost no TVET policy, instead using a competitive funding model to drive benefits of market relevance and employment outcomes as defined by industry.</p> <p>The project was seen as successful in Punjab and received an ‘A’ rating, the second highest rating, in the 2016 review by DFID. It reached 150,000 beneficiaries, 38% of whom were female. In this paper’s analysis, the project received the average impact score.</p> <p>The approach, though successful, was seen in a 2016 review as too divorced from the TVET policy landscape, though its perceived success did mean that it had later influences on TVET policy. The fund team, for example, ‘briefed and advised the Government of Punjab on issues related to establishing the Punjab Skills Authority; the export of skilled labour to the Gulf region, and the roll out of Competency Based Training curricula in private sector institutes’. The review recommended that further support from UK government should depend on better links to formal TVET policy.</p>	

Projects that used funding as a driver had distinctly different Theories of Change to those that did not. Funding-driven projects tended to prioritise employer engagement as well as legal and financial reform, which is consistent with a model that employs funding agreements aimed at employers as a key customer. They are also more likely to use certification and course completions as formal project outputs, perhaps because these are externally validated and so can be seen as a transparent and objective funding trigger. Figures 3 and 4 in Annex 1 illustrate the difference in Theories of Change adopted by these project types.

Link to Non-Skills/Non-Jobs Objectives

41 of the projects were entirely focused on skills development; 19 projects had skills as one component among others. These multifaceted projects average higher impact scores than those that were entirely focused on skills development. Exhibit 3 describes the World Bank’s *PROSOFT* project in Mexico, which achieved an exceptional ERR by focussing on one industry and investing in a raft of interventions, including skills development, to create an optimal environment. The project employed a place-based approach, with geographical clusters, but was driven at a national scale by setting funding rules.

This Mexico example belongs to a very high-performing project type in which multifaceted interventions are applied to specific industries. **These high-performing projects are often not seen primarily as education or skills projects**, and this project was not considered part of the World Bank’s education global practice, despite most of the funds being spent on training. The average rate of return of these projects is high and includes the Sudokkho project in Exhibit 1.

Exhibit 3: IT Industry Development Project, Mexico (PROSOFT)

Project Details	IT Industry Development Project, Mexico, World Bank Project ID P106589
Objective	To assist the Government of Mexico to implement an alternative strategy for Development Program for the Software Industry (PROSOFT) in order to foster the creation of jobs in Information Technology (ICT) companies.
Key features	Place-based; single industry (ICT); linked to non-skills objectives.
<p>Though the project design does not reference national TVET policy, and is designated place-based because it fostered partnerships with specific firms, it achieved scale by driving large numbers of place-based relationships through funding rules. The project aimed to ensure that learners received certifications but was not limited to national TVET as it responded to industry needs which frequently required international certificates.</p> <p>The project was multifaceted. The full list of components was:</p> <ul style="list-style-type: none"> • Human skills development • Strengthening of ICT clusters and selected state ICT-relevant agencies • Financing of the ICT industry • Supporting infrastructure • Outsourcing government services • Strengthening of the legal and regulatory framework • Strengthening the programme for development of the software industry <p>This project was part of a broad-based industrial strategy that encouraged regional place-based clusters. The bulk of the funds, however, were spent on training, which represented USD38m of the USD73 spent. The project had the highest Economic Rate of Return seen in any of the reviewed projects, at 725%. This was so high that its score was treated as an outlier when calculating impact scores.</p>	

Inclusion of Training in the Project

Training delivery as an input is not linked to many other specific features of project design. It is similarly likely to appear in policy-focussed and place-based projects. However, training is frequently a focus of projects that use funding as a driver of change. It accounts for 86% of projects with this feature, and often uses completed training programmes as a funding trigger.

Projects that include training have average impact scores slightly above the overall study average. More interestingly, there were relatively few projects that did not use training (45 projects used training; 15 did not) and their underperformance was marked. Though the project reviews do not give a common explanation of why the lack of training might lead to underperformance, there is some evidence that projects that do not include training are leaving their most important mechanism for impact uncontrolled or at least unmeasured. Exhibit 4 shows a project in Punjab in which reviewers were unable to discern job outcomes that were not directly measured as a part of the project. The narrative presents a successful project, but this is not reflected in the impact score. The inference is that the project’s lack of focus on individual learning meant they were unable to assess impact fully. This is important. **Projects reviewed by agencies such as the World Bank are compared on their**

Economic Rate of Return and a project that is unable to prove its impact on that scale may be overlooked as a replicable model.

Exhibit 4: Punjab Skills Development, Pakistan

Project Details	Punjab Skills Development, World Bank project ID P130193, Pakistan
Objective	To improve the quality, labour market relevance of and access to skills training programmes in priority sectors in Punjab.
Key features	Policy-led; training provider-led; does not include training.
Inputs/components	<p>1. Improving and expanding market-relevant skills training through:</p> <ul style="list-style-type: none"> • Strengthening the skills training system through support for effective registration and certification of the skills training sector. This is achieved by the creation of the Punjab Skills Agency (PSA) to be responsible for accreditation, registration, and course certification of technical and vocational skills training service providers in the province. • Strengthening of the Punjab Technical Education and Vocational Training Authority (P-TEVTA) as the province's largest skills training provider and regulatory authority for training institutions, as well as resolving the conflict of interest between its regulatory and training provider roles. <p>2. Improving the quality and relevance of skills training through:</p> <ul style="list-style-type: none"> • Introduction of competency-based training and assessment packages aligned to the Pakistan National Vocational Qualifications Framework. • Development of a partnership framework to provide guidance and parameters for Partnership Agreements between industry and training providers. • Increasing access to market-relevant trades, through establishment of a competitive training fund for public and private sector training providers. For each area, a disbursement-linked indicator was identified with time-bound targets. Disbursements were to take place annually against Eligible Expenditure Programmes.
Notes	<p>Though the project received lower than average impact within the scope of this study, it was successful in its own terms, achieving an Economic Rate of Return of 18.1% against a projected figure of 17.4%.</p> <p>The component associated with a strengthened P-TEVTA and the registration and certification of providers with PSA achieved results that were rated as only 'modest'. This was mostly because an absence of direct tracking of learners meant that neither the project nor the review team 'provided information on direct measurement of improvement in skills training, per the objective'.</p>

Locus of Training: Wholly Institution-Based or using Work-Based Learning

One of the most surprising findings of this study is that the use of WBL in interventions, or its existence in the underlying system, is associated with substantially lower average impact scores. WBL is a common feature of place-based project designs and, at least numerically, acts as a drag on their overall average in this study:

- Of the 19 projects that used WBL as an input, or where WBL was a feature of the underlying system, only three were policy-focussed projects.
- Of the top 10% of performers on impact score, only one out of the seven encompassed WBL (the *Sudokkho* project), but WBL appears within five out of the bottom seven performers.

These give an overall impression of WBL being a risky element to include in design.

Review of the impact reports offers no strong explanation of a causal link between WBL as a feature and having a low impact. However, the term ‘work-based learning’ includes a wide range of delivery mechanisms, and it is possible to infer three effects that may limit performance:

- Some of the WBL was targeted at employed people, already receiving salaries, who gained project benefits of increased salaries or progression. These will have lower headline rates of return than projects that help unemployed people with no income to find livelihoods.
- Though the intention was to include only programmes with structured learning in the definition of WBL, the exact nature of the programme was often hard to discern from project documentation, and it is likely that some of the programmes were short and unstructured work placements with limited value to the learner or employer.
- WBL is hard to do well. The level of employer support needed adds complexity, and employers may not see training as a priority. Though the ILO, World Bank and UNESCO report cited in the theoretical framework above promotes WBL, it also warns that the success of these approaches requires investment in quality resources, the most important of which is teachers and trainers.

The Theories of Change of High-Impact and Low-Impact Projects

Figures 1 and 2 provide a view of the difference between high-performing and low-performing projects, without looking through the prism of the theoretical framework adopted by this study. High-performing projects have elements of their Theories of Change that are not seen in low-performing ones:

- **Capacity development is a more specific focus of high-performing projects.** Though both high- and low-performing projects employ capacity building of training providers and agencies to a similar extent, low-performing projects employ them alongside a greater use of standardised training systems, resources and materials. This may reflect high-performing projects having a balance of inputs weighted toward developing more capable training providers that respond freely to their customer needs. While this might be true in aggregate, however, some of the highest-performing projects of all invested both in capacity development and standardised systems, resources and materials that were applied across all training providers in the scope of the project.
- **High-performing projects were less likely to focus on outputs of teacher training programmes or new systems and institutions,** retaining a narrower focus on training participation, course completions and new curricula.

- **High-performing projects were more likely to aim for impacts of economic and social empowerment and poverty reduction,** as well as the higher earnings and economic growth targets common to both types of project.

Figure 1: High-Impact Projects: Components of a Theory of Change

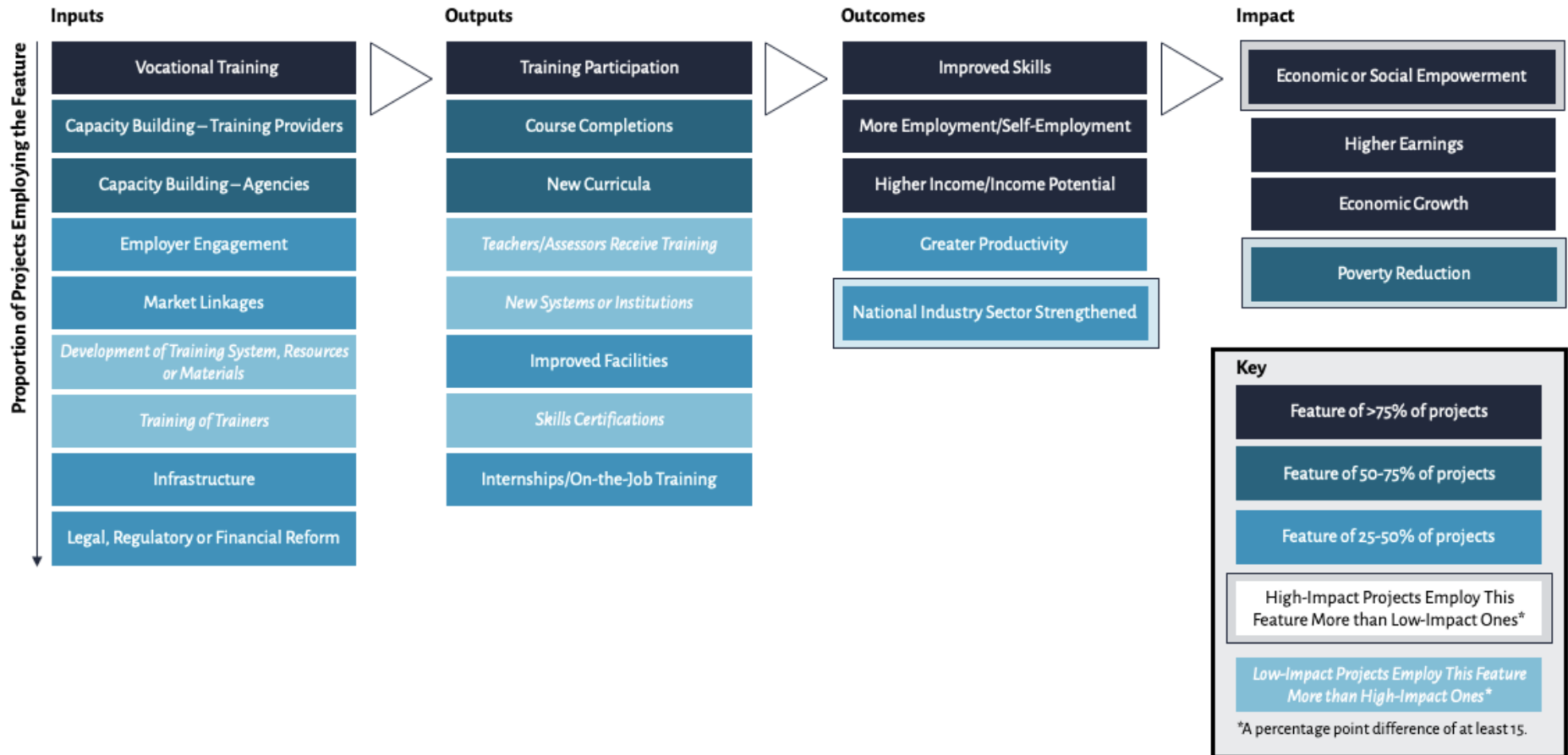
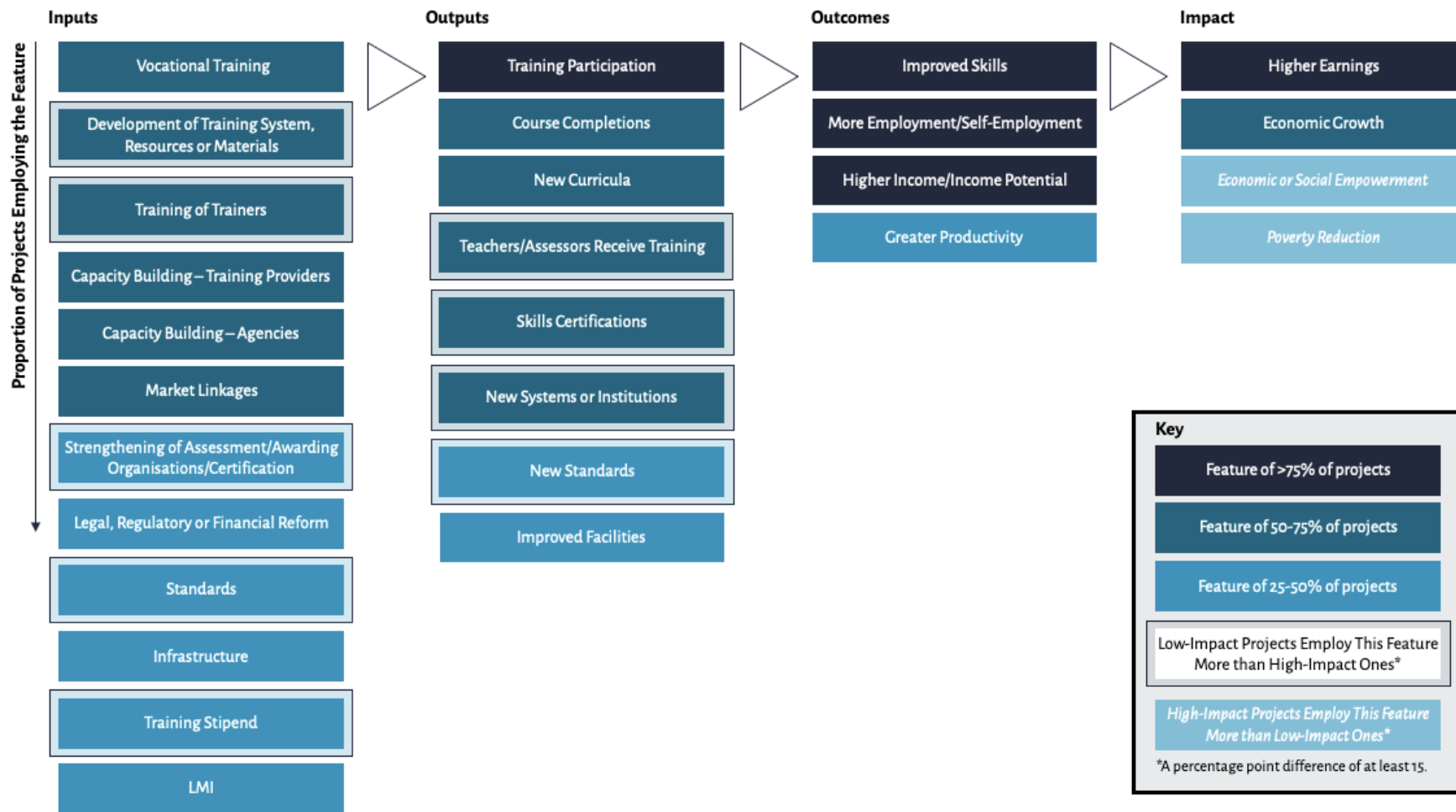


Figure 2: Low-Impact Projects: Components of a Theory of Change



National Policy Versus Place-Based Approaches

This study theorises that projects that aim to achieve impact through changes to national TVET policy use distinctly different tactics to place-based approaches, and that place-based projects are likely to achieve higher impact. In fact, the study findings have proved more nuanced: the policy-led and place-based projects in this analysis are, indeed, distinctly different, employing different project features and Theories of Change. The highest performing project features and Theory of Change elements are more associated with place-based project design. However, the policy-led and place-based projects analysed in this study have identical average impact because the place-based projects also often include some surprising low-performing design elements.

The Different Features of Policy-Led and Place-Based Projects

Table 2 shows how the project features identified in this study are related to policy-led and place-based project categories. Most of the identified project features were more likely to be used in place-based project designs (the inclusion of training was equally likely to be used in both types of project):

- **A focus on specific sectors is more strongly linked with place-based projects than policy-led.** 41% of place-based projects have a focus on a specific sector, whereas only 14% of policy ones do. 84% of the projects that focus on a specific sector were place-based.
- **The use of funding as a driver of change is more used in place-based projects.** 41% of place-based projects use it, compared with only 21% of policy-led projects. 76% of the reviewed projects that used funding were place-based.
- **Links to non-skills/non-jobs objectives are used to a much greater extent in place-based projects** than policy-led ones. 44% of place-based projects have this feature, compared with only 10% of policy-led projects. 89% of these multifaceted projects were place-based.
- **The inclusion of training in the project is similarly likely to be a feature of both policy-led and place-based projects**, with 78% of place-based projects and 71% of policy ones using it as a project input.
- **The use of WBL is used more significantly in place-based projects** than in policy-led ones, with 41% of place-based projects including WBL, compared with only 24% of policy-led projects.

The Different Theories of Change of Policy-led and Place-based projects

Figures 3 and 4 below show the frequency with which input, output, outcome and impact types appeared in each type of project, highlighting differences in the Theories of Change (both explicitly stated and implied) adopted by the projects. These figures show a distinct difference.

- a) **Policy-led projects are more likely to use development of training systems, resources and materials, training of trainers and assessors, capacity building of agencies, and infrastructure as inputs.** Their outputs are more likely to feature the development of new systems, curricula, numbers of teachers trained, development of new standards and the improvement of facilities.
- b) **Place-based projects are more likely to use inputs of market linkages, employer engagement and entrepreneurship support.** Their outputs mainly encompass training participation and course completions.

Figure 3: Policy-Led Projects: Components of a Theory of Change

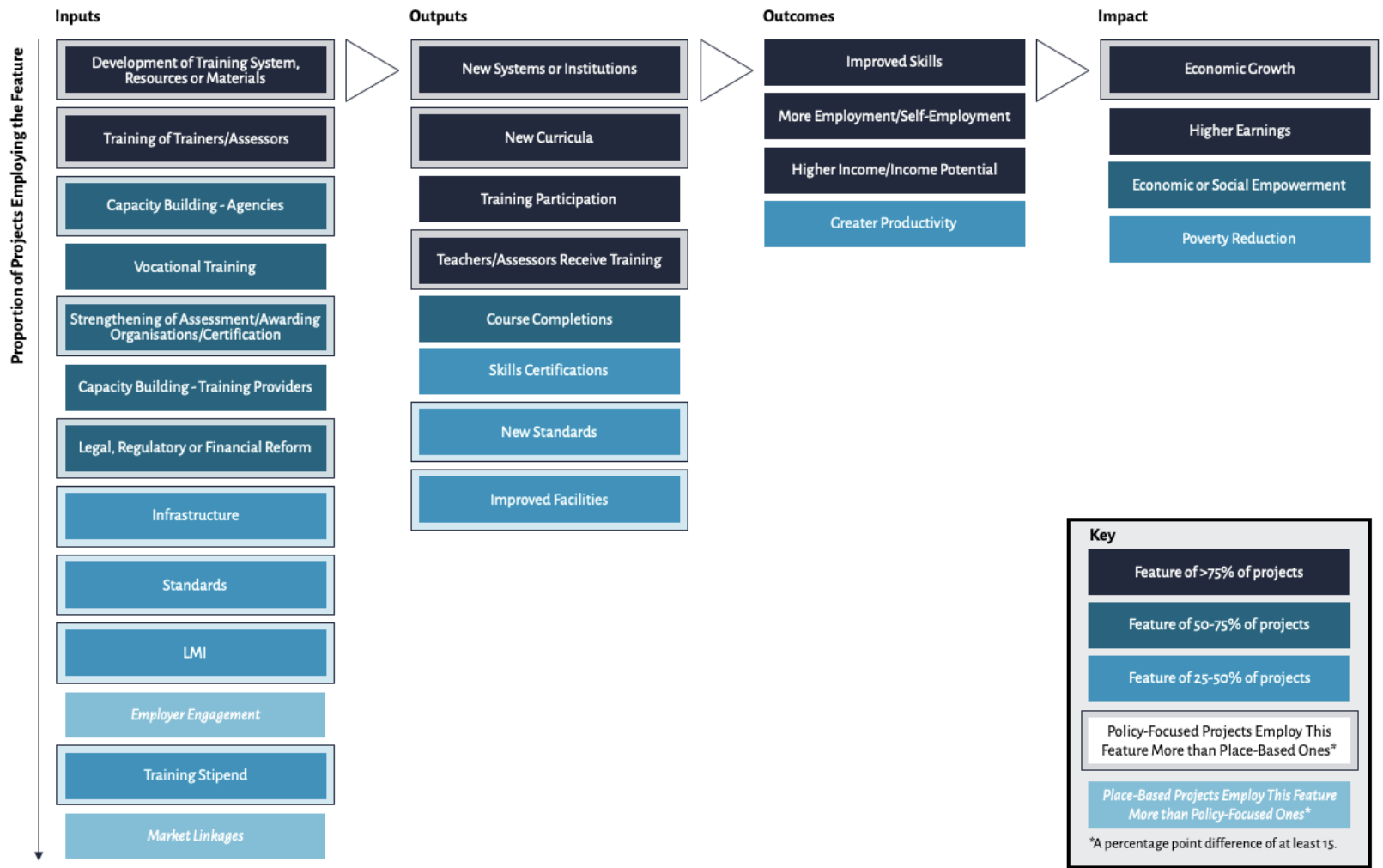
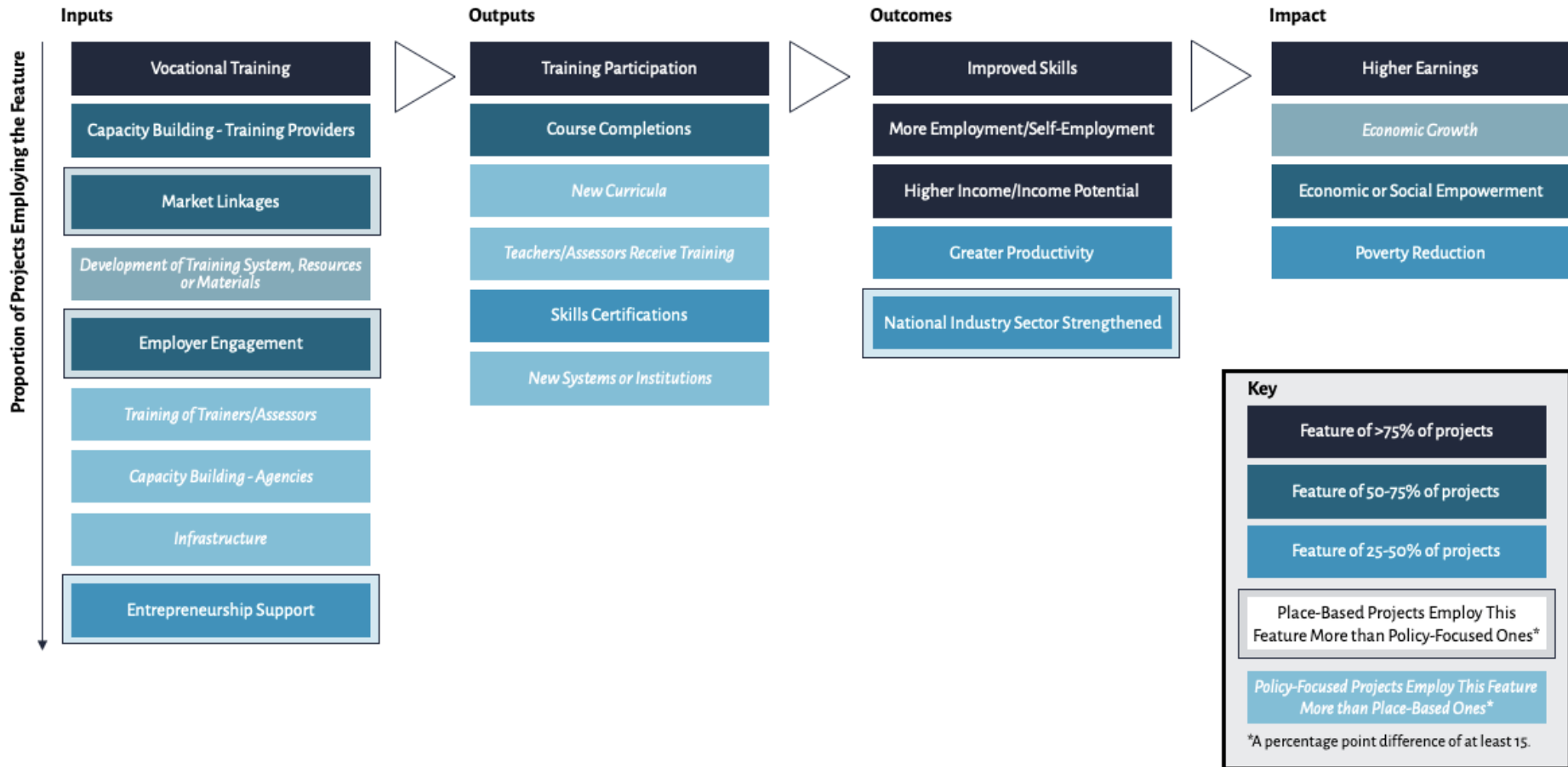


Figure 4: Place-Based Projects: Components of a Theory of Change



Place-based projects are more likely to work towards the strengthening of whole industry sectors, which is consistent with the finding that these projects are more likely to be industry focussed than are policy-based. Both types of project are used to achieve higher earnings, economic growth, economic or social empowerment and poverty reduction. Predictably, however, policy-focussed projects are more likely to be used for broader economic growth than place-based ones.

Exhibits 5 and 6 give examples of relatively successful projects that conform to policy-led and place-based Theories of Change, illustrating their differences. The skills development component of the *Skills and Jobs* project in Kazakhstan focussed on development of a National Qualifications System to improve relevance and quality of national TVET provision, whereas the *Aceh-Nias Livelihoods and Economic Development* project in Indonesia focussed on agriculture, working with farmer groups directly to improve productivity and resilience with no reference to national qualifications.

Exhibit 5: Skills and Jobs Project, Kazakhstan

Project Details	Skills and Jobs Project, World Bank Project ID P150183. Kazakhstan
Objective	To improve employment outcomes and skills of target beneficiaries and to improve the relevance of technical and vocational education and training and higher education programmes.
Key features	Policy-led; training provider-led; no non-skills/jobs objectives.
Inputs/components	<p>Technical components were:</p> <ol style="list-style-type: none"> 1. Building the foundation of a National Qualifications System: enhancement of occupational standards; development and implementation of a framework to review and update the educational and training standards and curricula for TVET and higher education; and development of a roadmap for establishing an independent qualifications assessment and award system. 2. Enhancing skills for improved employment outcomes and productivity: improvement of public employment services for unemployed and unproductively self-employed people; establishment and implementation of a skills enhancement training programme.
Notes on impact	<p>Though the project largely succeeded in instituting policy changes, the review was unable to find sufficient information on employment outcomes. The design seemed to trust that policy change would lead to better employment outcomes, but did not measure it directly. The lack of these data means that the project efficacy was rated as 'modest'.</p> <p>The World Bank's formal evaluation team calculated an ERR of 17.9%, which – though it is well below the average for the projects in this study – was still above the figure accepted in the business justification.</p>

Exhibit 6: Aceh-Nias Livelihoods and Economic Development, Indonesia

Project Details	Aceh-Nias Livelihoods And Economic Development Program, World Bank Project ID P110635. Indonesia
Objective	To facilitate post-disaster economic recovery by improving the ability of the recipient (i.e. government) to work with poor rural households in Nias to identify, develop and sustain livelihood opportunities.
Key features	Place-based; training provider-led; included non-skills/jobs objectives.
Inputs/components	<ol style="list-style-type: none"> 1. Livelihood groups and institutional empowerment: training for mixed-sex farmer groups in the social, technical, marketing, and financial aspects of livelihood advancement; training for women's farmer groups in social, technical, marketing and financial aspects of livelihood advancement. Training and equipment for local government agricultural services staff to facilitate further involvement in project activities beyond the project's life. 2. Agriculture and other livelihoods improvement: implementation of mixed-sex and women's farmer group activities; support to local government agricultural services.
Notes on impact	<p>The project was principally focussed on recovery from a 2004 tsunami and subsequent earthquake, and it was found to be successful in facilitating recovery.</p> <p>It was focused on place-based farmer groups, with no reference to national TVET policy. The project aimed to improve skills for agriculture and broader livelihoods, and was supported by other activity such as developing plant nurseries. It exceeded planned figures on reaching beneficiaries, with 98 farmers groups reached against a planned 25, and 45,000 training days delivered against a planned 28,000.</p> <p>The World Bank's formal evaluation team calculated an ERR of 44% based on improved agricultural productivity. This is very high compared with the other projects in this study, but below the planned 78%. It received an outcome rating of 'moderately satisfactory'.</p>

Comparing the Impact of Policy-Led and Place-Based Intervention Projects

Despite policy-focussed and place-based projects employing distinctly different philosophies, their average impact scores in the set of projects analysed in this study are identical. Given the theoretical framework for the study, this finding was unexpected. The average hides substantial variability, however, most notably:

- a) **Most of the project elements that are associated with higher impact identified in Table 1 are strongly associated with place-based projects.** Though 65% of the projects were place-based, they account for:
 - 84% of the projects that focus on a specific sector;
 - 76% of the projects that use funding as a driver;
 - 89% of the projects that are linked non-skills/non-jobs objectives.
- b) **Place-based Theories of Change have a better match to the particular features of high-impact projects than do policy-focused Theories of Change.**
 - The balance of their inputs is weighted towards capacity building of training providers, employer engagement and market linkages, and away from centralised training of trainers/assessors.
 - Both place-based and high-impact theories of change deprioritise the existence of new systems and teachers/assessors receiving training as outputs, and both aim for the national industry sector to be strengthened.
- c) **Nine of the top 10 performing projects are place-based,** all of them achieving impact scores of 4 or above. On World Bank projects, this equates to an Economic Rate of Return of above 60%, which is four times the World Bank's global average.

So why, despite the strong features of place-based projects, do they not outperform policy-focussed ones on average?

- a) **WBL is a risky project feature and place-based projects use it most.** Projects in which WBL is a feature – either of the project or the project environment – have lower average impact scores, and eight of the 11 very lowest-performing projects have this feature. 16 of the 19 projects that employ WBL are place-based. Reasons for their possible underperformance are discussed in the *Locus of Training* section above.
- b) **Many place-based projects attempt to drive standard training and assessment models, perhaps limiting their ability to respond to local demand.** Though it is true that place-based projects have many of the features of high-impact projects, many also include an odd feature of lower-impact projects: use of standardised training systems, resources and materials across all training providers in the project regardless of their context. This part of the Theory of Change refers particularly to where, in projects that use place-based approaches across more than one locality, there is a project imposition of standard models. This seems inconsistent with place-based models that aim for local relevance, and is the only unique feature of low-impact projects that makes an

appearance in over half the place-based projects. Two examples of this apparent inconsistency are as follows:

- The World Bank's *Non-Formal Approach to Training Education and Jobs in Afghanistan* project drove the development of localised relationships in training providers by using outcome-related funding, so it was designated place-based in this study. However, the project then imposed the requirement that all graduates passed a national, centrally set, exam.
- The World Bank's *Social Security+Migrant Training* project in China worked with three training providers in Guangdong, encouraging them to respond to their local employers and adapt to their needs in all but one respect: the use of a standard curriculum.

If projects that include WBL and that have standard training systems, resources and materials as an input are removed from the list of place-based projects, the overall impact score of the 11 remaining projects is 4.2, which is equivalent to a World Bank ERR of over 62% (very high). Removing the scores of projects with these elements from the average does not alter the finding that place-based and policy-led projects have the same average impact scores of 2.5, but the isolation of these two elements provides useful insight into project design.

Combating Theoretical Weaknesses in Place-Based Design

The theoretical framework for this study, outlined earlier in this report, suggests that the focus of place-based projects on the local realities of specific contexts may bring disbenefits of poor intervention sustainability due to an over-reliance on specific leaders, and poor scalability due to the limited reach of most local firms. It may also limit the mobility and progression of learners where their learning is not recognised by national TVET regulatory structures such as National Qualification Frameworks. The projects' evaluations cite sustainability as an identified problem of place-based designs, and issues with scale and learner progression can be inferred. However, several tactics were employed by designers that addressed these risks.

Place-based projects frequently used funding mechanisms specifically to escape the limitations of scale that might be associated with a focus on a single geography. Some of the higher-performing examples of this type of project set funding rules that allowed autonomous place-based skills development to thrive, within a set of rules, at multiple separate locations. Funding rules varied, but included the use of verifiable employment outcomes as funding triggers, or linked to inputs that were highly adaptable to local circumstance such as the establishment of local partnerships for development. Funding was often linked to industrial strategy rather than TVET policy as shown in Exhibit 3 above on Mexico's *PROSOFT* project, which centred on the ICT industry. Funding as a driver is discussed in more detail earlier in this paper.

The possible implications of weak links with national TVET systems on sustainability are directly addressed in the business justifications and project reviews of several place-based projects. The *Sudokkho* project in Bangladesh (Exhibit 1) intended to affect national TVET by demonstrating a replicable model for high-quality provision, and the *Punjab Economic*

Opportunities Programme in Pakistan (Exhibit 2) notes that its success means that its administrators have been invited to advise on formal TVET reform.

Mobility and progression of learners as risks are not addressed by any of the place-based projects reviewed, and few place-based projects attempted to link their learning programmes to National Qualification Frameworks (below 8%). However, some projects used international qualifications, particularly in the ICT sector as shown in Exhibit 3, which are on globally recognised professional progression pathways and therefore did not limit learners' professional progression. English language training and qualifications provide another example of international awards that promote mobility and progression without relying on national TVET regulation, with globally recognised qualifications often directly cited as a visa requirements.

Inclusion of Targets for Women

Specific targets for women were given in 73% of projects, but the appearance of these targets is unrelated to the average impact scores of projects reviewed in this study. It is therefore treated in this report as a separate and unrelated project feature.

It is striking, however, that policy-led projects are more likely to have targets for female participation than place-based projects (86% of policy projects versus only 67% of place projects), which may be a reflection of the fact that place-based projects tended to be more focussed on employers, who may be less concerned with equity than national TVET policy-makers are.

However, there seems to be a missed opportunity in that place-based projects may be particularly effective at driving inclusiveness. The Market Systems Development approach to intervention design and the Social Ecosystems Model, both of which were discussed in the theoretical framework for this study, will commonly lead to place-based design approaches and include equity in their foundational principals. Thought leaders in both areas, BEAM¹² for the former and the T20¹³ for the latter, deal extensively with the subject of inclusiveness and equity.

Table 3: Cost and Targets Relating to Women

	Cost (£m)	Targets on Women
All	£57.4	73%
Policy vs Place		
Policy	£35.7	86%
Place	£69.1	67%
Focus on Specific Industry, Service or Sector		
Yes	£84.0	63%
No	£45.1	78%
Funding as a Driver		
Yes	£46.8	71%
No	£63.1	74%
Link to Non-Skills/Non-Jobs Objectives		
Yes	£92.5	68%
No	£41.2	76%
Inclusion of Training in Design		
Yes	£63.8	78%
No	£36.4	57%

¹² <https://beamexchange.org/market-systems/key-features-market-systems-approach/>

¹³ <https://www.global-solutions-initiative.org/wp-content/uploads/2022/11/T20-Social-Ecosystem-Model-revised-KS-2.pdf>

Main Findings

For the projects analysed for this study:

- 1. Skills development is a good investment for economic and social improvement.** The projects reviewed in this study included all the projects with a skills element in the World Bank, Asian Development Bank and DevTracker databases that had impact evaluations that allowed comparative analysis. Their average impact is relatively high. The average return on investment was equivalent to a World Bank Economic Rate of Return of 35%, which is substantially above both its global average and its average for education projects.
- 2. Place-based projects and policy-led projects in this study employed distinctly different design philosophies.** These translate to differences in project features and their Theories of Change. Place-based projects focus on the relationships between employers, their markets, and training providers. They seek to understand the complexities of their context, driving impact through employer engagement, market linkages and entrepreneurship support. Policy-led projects achieve impact at national scale by driving systemic improvement through training systems, resources and materials; trainer training programmes; and the development of policy instruments such as qualification frameworks and occupational standards.
- 3. Multifaceted projects that focus on specific industries are higher impact.** This is an expected feature of market-led design approaches that consider a wide range of challenges and opportunities for specific sectors, and align skills development with other investments under a single integrated project design.
- 4. Projects that use funding to incentivise change outperform, on average, projects that do not.** This project feature refers to setting up funds with rules and triggers calibrated to drive changes in behaviour in employers and training providers. A frequent example of this tactic is seen in place-based projects, where it is used to escape scale limitations of specific employer/training provider relationships by encouraging the development of many separate and autonomous relationships. Each separate relationship is focussed on outcomes for learners and employers, but actors are otherwise largely free (the degree of freedom varies) to decide how to achieve those outcomes. Funding in the projects reviewed in this study was often not aligned to national TVET policy and, in some cases, was deliberately used to supersede it. These projects are often associated with Theories of Change that have a narrow focus on outcomes of course completions and certification, probably because these can be externally validated funding triggers.
- 5. Most of the high-performing project design features identified in this study are found in place-based projects.** Projects that focus on specific industries, include skills development but are not wholly focussed on it, and that use funding rules to incentivise change, all perform better than projects that do not. These features are found most often in place-based projects.

6. **High-performing place-based projects (the highest performing of all projects in this study) were often not seen by designers as TVET or skills projects at all.** Project design was often rooted in market-led designs and only included skills development as one component. Even where skills development formed a large part of the budget, it was still not defined as skills and often entirely ignored the formal national TVET system.
7. **Despite place-based projects being associated with the highest-performing project features, they have the same average impact as policy-led projects.** This finding was not predicted and, in fact, this study's theoretical framework predicted higher performance for place-based projects. However, they had a higher likelihood of employing two risky tactics: use of WBL (in-work training such as apprenticeships) and the adoption of standardised training systems, resources and materials. Though both these tactics were associated with some projects with spectacular performance, they were more often associated with low performance.
8. **WBL, including apprenticeships, internships and on-the-job training, is associated with poor project performance.** This may be because WBL includes some relatively low-value tactics such as unstructured work placements, and because good WBL is demanding of trainer and assessor quality – which is often unavailable. Furthermore, return-on-investment figures are likely to be affected by the fact that WBL includes training for employed people who already have a salary, and the incremental gains they get from progression will deliver a smaller headline effect than is achieved by projects that help unsalaried people find a livelihood.
9. **The development of standardised training systems, resources and materials for place-based projects is also risky.** Though one might expect standard resources to be primarily a feature of policy-led projects – and, in fact it is – this tactic also appeared in half the place-based projects. The very highest performing place-based projects, which are also the highest performers of all projects, include this feature, but it is more commonly associated with low performance. Successful projects that employed this feature had exceptional levels of industry involvement and investment into the development of the standard resources. Overall, this suggests that it can be done well with industry support, but the resources must be perfectly aligned to industry.
10. **Targets for women are under-utilised in place-based projects.** This could be because such projects are focussed on the needs of employers, who may underestimate the value of equity when compared with someone who has TVET policy responsibility. This under-utilisation, however, is a missed opportunity. The programming philosophies behind many place-based projects, such as Market Systems Development, have equity and access as foundational principals.
11. **Projects that included training as a project input probably had more control over project outcomes.** Though many projects do not necessarily need to include training – for example, those that aim to achieve impact through improved training infrastructure – there is some evidence that projects that do not directly fund training during the project

lose visibility of one of the main mechanisms by which they achieve impact: individual learner and worker experiences. By inference, projects that include training have greater visibility of their impact on a day-to-day operational level, and can adapt their approach during the project in ways that would be impossible if they did not.

12. Place-based projects use specific tactics to combat theoretical weaknesses in scalability, sustainability, and mobility and progression opportunities for learners.

Place-based projects focus on specific local relationships, which can make it hard to scale beyond those relationships, and they are often not linked to TVET policies that might ensure that learning has currency beyond its immediate context. Several effective tactics were found in projects reviewed in this study. Scale problems are escaped by using funding structures that incentivise 'fundable' features across a large number of separate place-based relationships. Sustainability is attempted through after-the-fact links to formal TVET structures and by influencing public TVET policy through demonstrated successes, but also by gaining private-sector commitments to new models. Learner progression has been assured in some projects by using international rather than national qualifications, notably in ICT where industry norms are international. Few of these tactics are reliant on national TVET policy.

An important additional finding of the report is that projects rarely have an evaluation that includes a numerical assessment of impact. The three databases used for this study (World Bank, Asian Development Bank, and DevTracker) had over 2,000 projects that included reference to skills, but fewer than 10% had an impact evaluation and only 60 had assessment of return-on-investment or value for money that could be used to compare their performance.

Recommendations for Future Programme Design

Though the findings are drawn from a sub-category of World Bank, Asian Development Bank and DevTracker projects (those for which a suitable evaluation was available), they suggest some considerations for people designing skills development interventions for economic and socioeconomic benefits:

1. View skills development as a programming priority, as it has both theoretical and proven value in delivering impact.
2. Use skills development as a component of multifaceted projects rather than as a stand-alone intervention.
3. Manage the complexities of multifaceted projects by focusing on specific sectors and localities and by using place-based project design.

4. Establish funds that link payments to meaningful outcomes for learners and employers in order to incentivise change, and to drive place-based projects in more than one location simultaneously.
5. Link place-based projects to structures with a national reach for sustainability and progression routes for learners. Use national TVET policy only where it adds value, and consider alternatives:
 - Adoption of a skills development model by large employers and commercial employer groups can offer sustainability.
 - International qualifications can provide progression routes, especially in international industries.
6. Include targets for female participation in place-based projects and use the strengths of this design approach, which focuses on complex local realities, to understand and deliver solutions that are specific to their context.
7. Do not assume work-based learning, including apprenticeships and internships, will deliver impact; it requires well-defined learning programmes supported by skilled staff, and where learners are already employed, substantial scale may be needed to match the impact of projects that target the unemployed.
8. When building training systems, resources and materials, work with employer groups chosen for their effectiveness rather their formal status.
9. Include training as a project input, and use it to provide transparency about the experiences of learners when evaluating impact.
10. For TVET policy-led projects, focus on specific sectors; include skills development in a range of project components aimed at improving the landscape for enterprise and investment; build funds calibrated to incentivise change; and be careful if applying WBL – seeking to ensure that the methodology is well supported by investments into trainer and assessor capacity.

Annex 1: Theories of Change Associated with Different Project Types

Figure 1: Project that Focus on a Specific Sector: Components of a Theory of Change

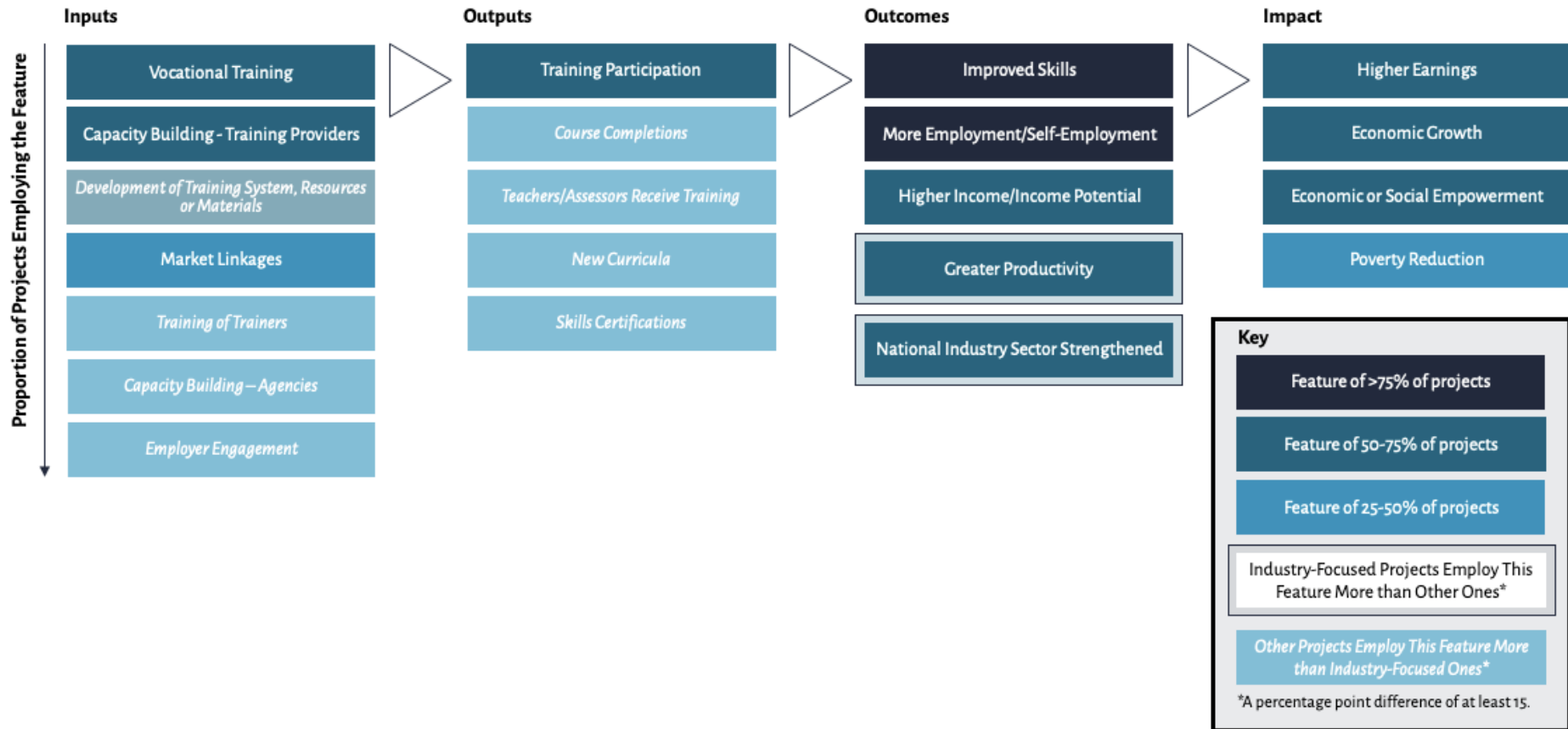


Figure 2: Project Not Focussed on a Specific Sector: Components of a Theory of Change

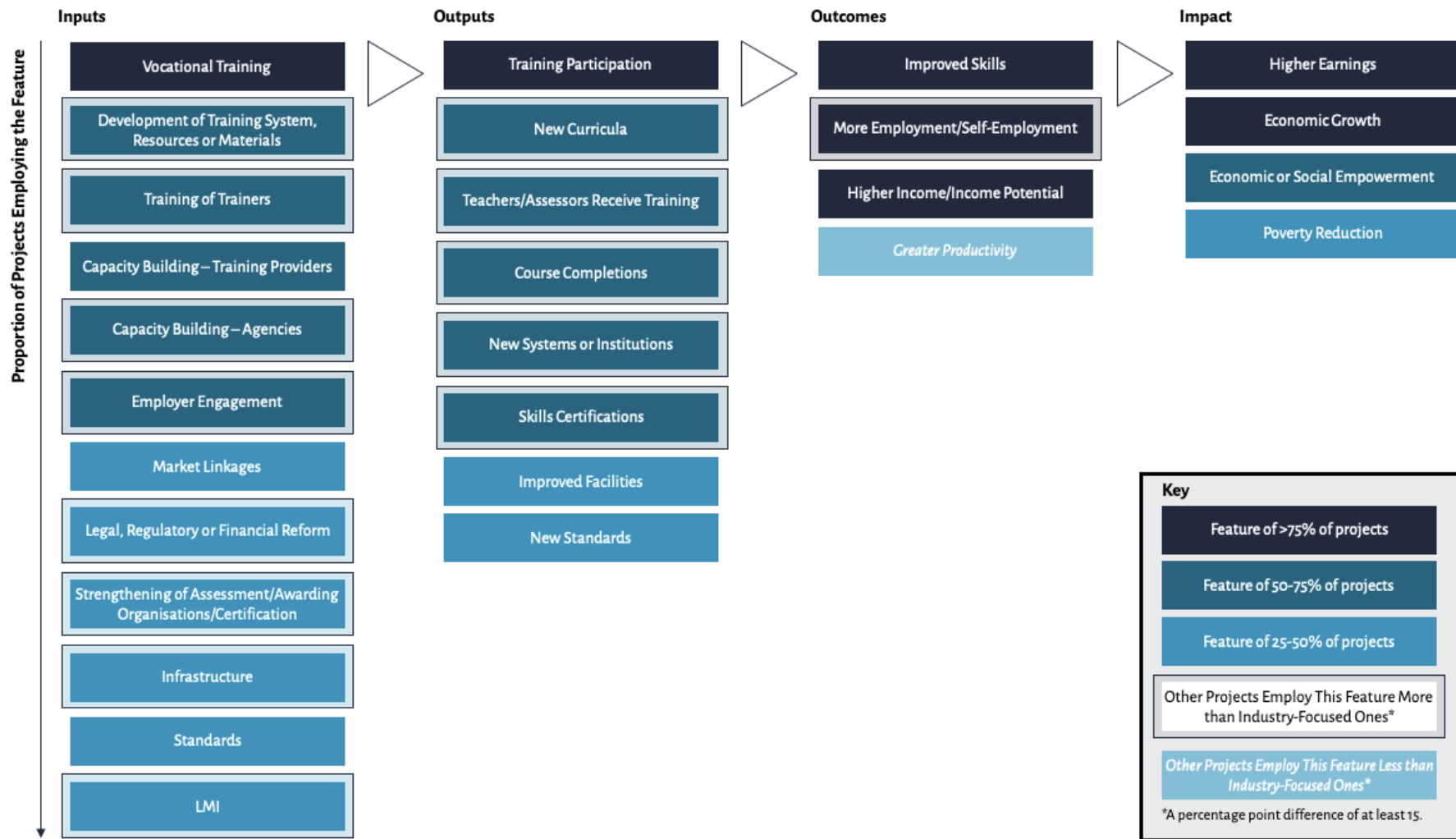


Figure 3: Projects that Use Funding as a Driver: Components of a Theory of Change

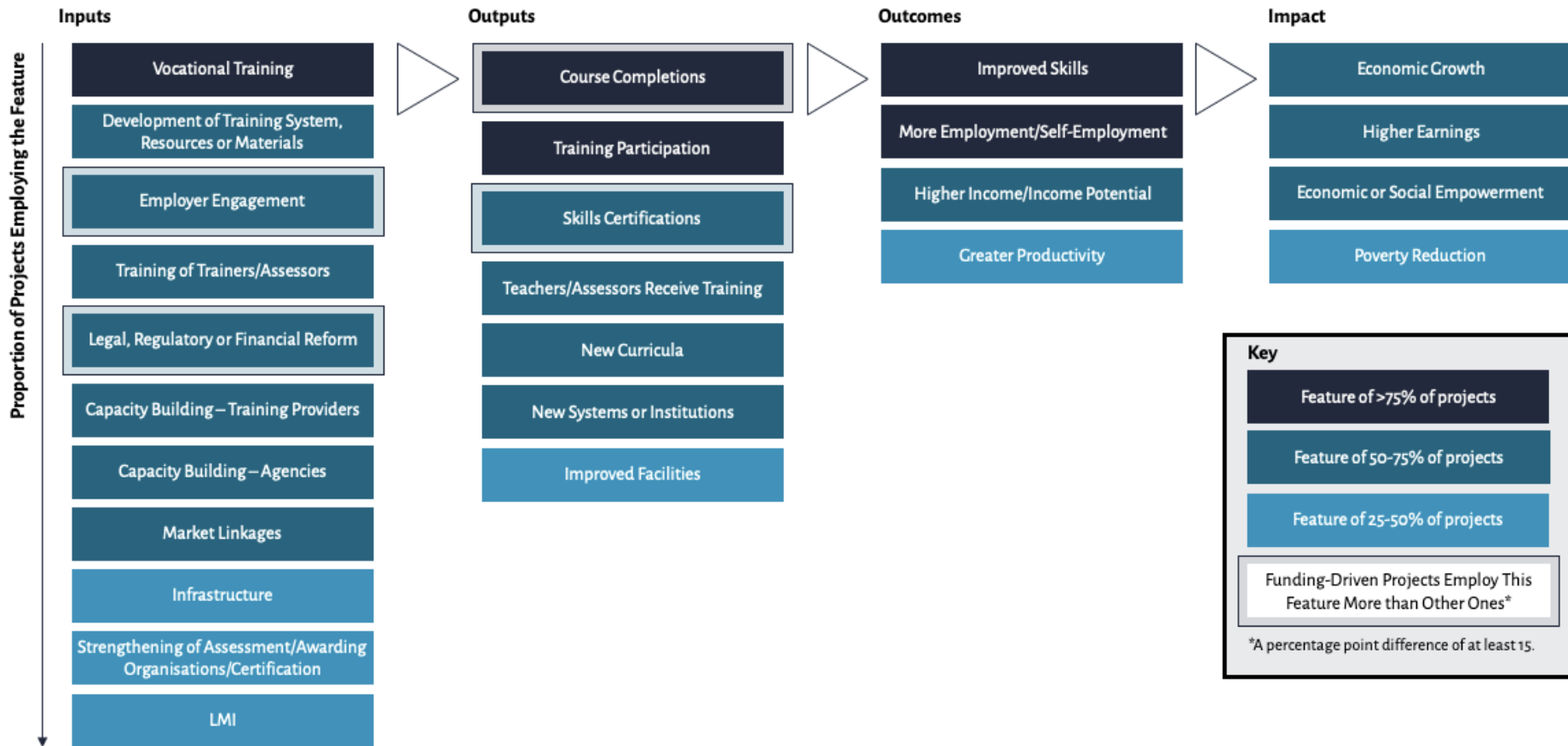
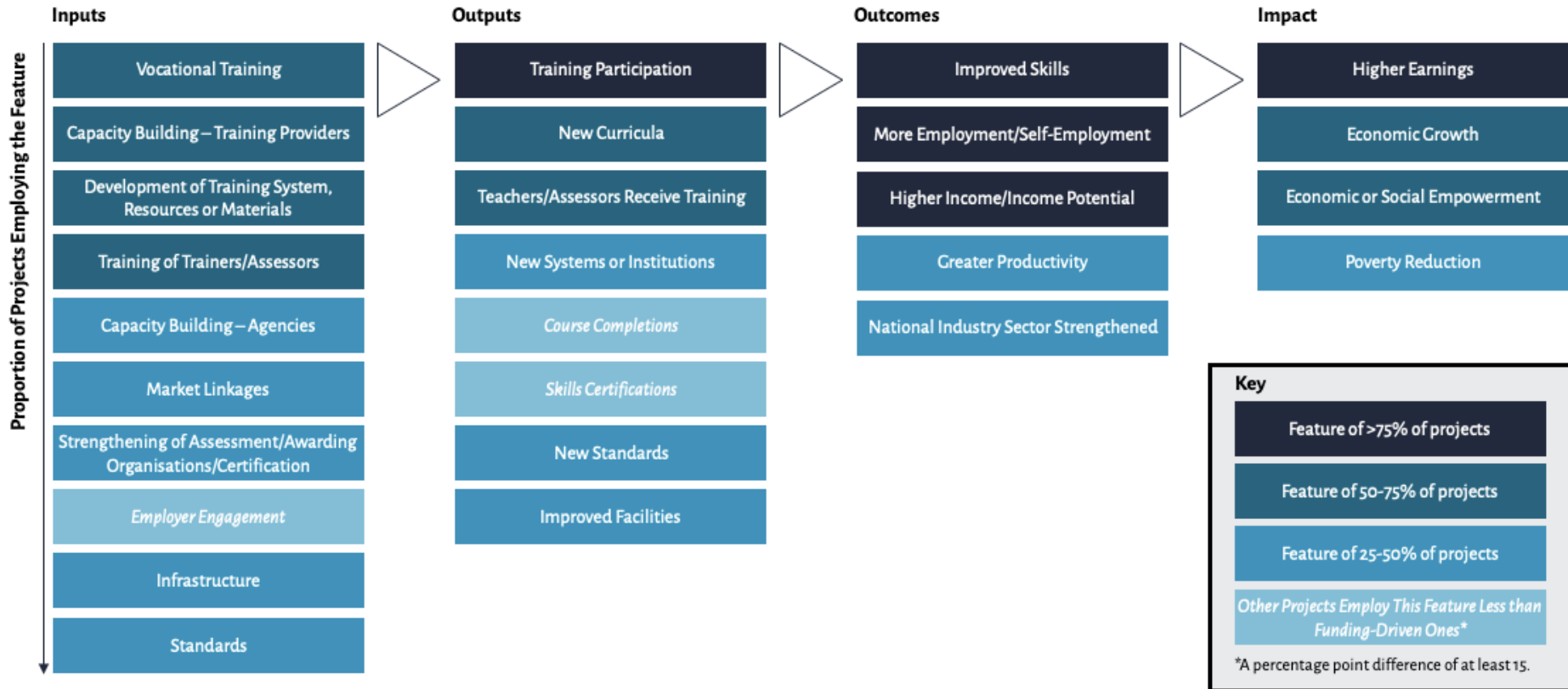


Figure 4: Projects that Do Not Use Funding as a Driver: Components of a Theory of Change



Annex 2: List of projects analysed

Asian Development Bank

- Bangladesh: Post-Literacy and Continuing Education Project (Project ID: PVR-649)
- Bangladesh: Skills Development Project (Project ID: PVR-616)
- Indonesia: Polytechnic Education Development Project (Project ID: PVR-870)
- Indonesia: Technological and Professional Skills Development Sector Project (Project ID: PPE: INO 2011-38)
- Kyrgyz Republic: Second Vocational Education and Skills Development Project (Project ID: PVR-766)
- Lao People's Democratic Republic: Strengthening Technical and Vocational Education and Training Project (Project ID: PVR-673)
- Maldives: Employment Skills Training Project (Project ID: PVR-396)
- Nepal: Skills Development Project (Project ID: PVR-720)
- Nepal: Skills for Employment Project (Project ID: PVR-313)
- Sri Lanka: Technical Education Development Project (Project ID: PVR-375)
- Technical Education and Vocational Training Development Project in Nepal (Project ID: PPA: NEP 16142)
- Tuvalu: Maritime Training Project (Project ID: PVR-251)
- Viet Nam: Agriculture Science and Technology Project (Project ID: PVR-420)
- Viet Nam: Thanh Hoa City Comprehensive Socioeconomic Development Project (Project ID: PVR-545)
- Viet Nam: Vocational and Technical Education Project (Project ID: PPE: VIE 2013-03)

FCDO/DevTracker

- Increasing Economic Opportunities for Marginalised Youth in Northern Nigeria (Project ID: GB-1-202584)
- Punjab Economic Opportunities Programme (PEOP) (Project ID: GB-1-113484)
- Reconstruction Skills, Nepal (Project ID: CH-FDJP-CHE105834763-12325210)
- Skills and Employment Programme in Bangladesh (Sudokkho) (Project ID: GB-1-201851)
- Skills Development Programme, Punjab (Project ID: GB-1-204399)
- Support to the Employment Fund (Project ID: GB-1-201489)
- Zimbabwe Youth Empowerment Programme (ZYEP) (Project ID: GB-1-204911)

World Bank

- Aceh-Nias Livelihoods and Economic Development Program (ledp), Indonesia (Project ID: P110635)
- Afghanistan ICT Sector Development Project, Afghanistan (Project ID: P121755)
- Afghanistan Skills Development Project, Afghanistan (Project ID: P102573)

- BD: Skills and Training Enhancement Project, Bangladesh (Project ID: P090807)
- CN-Tech Vocational Education, China (Project ID: P117107)
- CN-Yunnan Tech Vocational Education, China (Project ID: P122008)
- GH-Skills and Technology Development Project, Ghana (Project ID: P118112)
- Guangdong Technical and Vocational Education And Training Project, China (Project ID: P096707)
- IN: Rajasthan Rural Livelihoods Project, India (Project ID: P102329)
- IN: Vocational Training, India (Project ID: P099047)
- Integrated Growth Poles, Madagascar (Project ID: P083351)
- KZ Skills and Jobs Project, Kazakhstan (Project ID: P150183)
- MW - Agriculture Development Programme Support Project, Malawi (Project ID: P105256)
- MW Skills Development Project, Malawi (Project ID: P131660)
- MX IT Industry Development Project, Mexico (Project ID: P106589)
- Nai Manzil Project, India (Project ID: P156363)
- NG-Fadama Development-III SIL, Nigeria (Project ID: P096572)
- Non formal Apprenticeship Training, Education and Jobs in Afghanistan, Afghanistan (Project ID: P146015)
- NP: Enhanced Vocational Education & Training, Nepal (Project ID: P104015)
- Oecs (Grenada) Skills for Inclusive Growth, Grenada (Project ID: P095681)
- Oecs (Ic) Skills for Inclusive Growth, St Lucia (Project ID: P097141)
- PK: Skills Development Project, Pakistan (Project ID: P118177)
- Private Sector Competitiveness and Economic Diversification, Lesotho (Project ID: P088544)
- Punjab Skills Development, Pakistan (Project ID: P130193)
- REG:CN-Social Security+Migrant Training, China (Project ID: P117596)
- Reinsertion and Reintegration Project, DRC (Project ID: P152903)
- Rural Capacity Building Project, Ethiopia (Project ID: P079275)
- RW: Skills Development Project, Rwanda (Project ID: P118101)
- Second Skills Development Project, Afghanistan (Project ID: P132742)
- Skills Development & Innovation Support, North Macedonia (Project ID: P128378)
- Skills Development and Youth Employment Mali (Project ID: P145861)
- Skills Development Project, Egypt (Project ID: P049702)
- Skills Development TVET, Senegal (Project ID: P145585)
- Somali Core Economic Institutions SCORE, Somalia (Project ID: P152241)
- Technical Education Vocational & Entrepreneurship Training (TEVET) Development Program Support Project, Zambia (Project ID: P057167)
- Technical/Engineering Quality Improvement Project, India (Project ID: P072123)
- TN-Participatory Service Delivery Reint, Tunisia (Project ID: P127212)
- VN-2nd Northern Mountains Poverty Reduction, Vietnam (Project ID: P113493)