

**ASSOCIATION OF TANZANIA
EMPLOYERS (ATE)**
Improving TVET in Tanzania

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Background

Private sector employers in Tanzania see many opportunities yet face many constraints. The shortage of skilled labor, at all levels, is one of the most serious of those constraints. When compared to neighboring Kenya, or other developing economies like China and India, labor productivity in the Tanzanian manufacturing sector is significantly lower. Value added per employee is 43% lower than in Kenya, 54% lower than in China, and 37% lower than in India¹. Tanzania also falls behind China, India and Kenya in agriculture value addition and agribusiness processing, which suggests that despite Tanzania's heavy reliance on the sector for GDP growth, Tanzania's workforce lags behind in adopting technology and investing in innovations that improve production output and competitiveness.

Objectives of This Assignment

In 2008, The Association of Tanzania Employers (ATE), in response to its members contracted JE Austin Associates (JAA), partnered with Match Maker Associates (MMA) of Tanzania, to carry out a National Skills Development Assessment to highlight the overall skills gaps within Tanzania and provide recommendations for improvement to the existing skills provision system. The assessment provided ATE with information to inform its members and fellow associations for an advocacy initiative whose objective is to persuade Government to make changes to the existing policy framework, and skills provision system that will result in improvements in the quality and outreach of skills training in Tanzania. To this end, the assessment provided the detailed and credible information and data required to support arguments for reform.

In 2010, ATE contracted JAA (and MMA) to update them and their members on the state of skills development in Tanzania. During this assessment, JAA learned that indeed there has been progress in some areas, where others remain critical constraints to Tanzania's global competitiveness. This report is intended to be coupled with the previous Skills Development Assessment as an update to skills development in Tanzania.

Summary of 2008 Constraints

The previous assessment identified the following key constraints which, when addressed, will assist in improving Tanzania's skills development system and contribute to the country's overall competitiveness.

- *The Skills delivery system is divided and does not provide the skills businesses require*
- *The Skills Development Levy (SDL) is too high*

¹ 2004 Investment Climate Assessment, World Bank

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- *The Skills Development Levy is not implemented, nor distributed transparently*
- *Tanzania's private sector has given up on the existing skills delivery system*
- *Tanzania's private sector, and private skills providers, lack incentives to invest in human capital development and ongoing training*
- *Vocational and Technical Education Providers lack coordination amongst themselves.*
- *The skills delivery system is poor in quality.*

Summary of earlier recommendations and expected outcomes

In light of those 2008 constraints, JAA provided ATE with the following recommendations to base policy initiatives, private sector employer initiatives and skills development initiatives:

- Significantly, reduce the skills development levy and defer the costs of training to qualified enterprises, through certified skills providers.

This recommendation had three elements:

- *In keeping with good practice in other countries, the skills development levy should be reduced to 1-2 %.*
- *Introduce a skills development rebate system.*
Under this plan, enterprises that provide NACTE certified training to their employees are eligible to receive rebates against the cost of training.
- *Introduce a skills development voucher system.*
Enterprises are also eligible to receive a voucher to defer some, (or all of) the cost of training when they are trained by NACTE certified skills providers.

- Propose the TVET Reform Act; a policy initiative that develops and recognizes a national Technical and Vocational Education & Training Strategy

Intended to unify the existing dual framework between vocational and technical education, an overall national strategy should be proposed which incorporates all skills providers into one TVET Act. Benefits of a unified strategy include; a broader choice of study and the opportunity to gain skills and training suited for the workplace, learning skills that are valuable to employers, a continuing education system which provides ongoing learning opportunities for students entering the vocational system, and a unified certification process which is recognized by all Tanzanian employers. Elements of the policy recommendation include:

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- VETA assumes skills provision responsibilities only, and operates the existing VETA owned schools throughout Tanzania
- NACTE becomes TVET regulator and accreditation body, and is given responsibility to collaborate with private sector enterprises to maintain quality standards.
- Both private skills providers and government subsidized skills providers (e.g. VETA, NCT and others) must comply with the accreditation standards defined by NACTE.

- Transparently redistribute the skills development levy to all public skills providers

To ensure transparency and accountability of the use of the SDL, it should be redistributed to all publicly funded vocational and technical skills providers with a distribution based on national priorities. This redistribution should also be publicly tracked and disseminated. Providing this information publicly allows for transparency in the distribution of the SDL.

- Establish a TVET National Advisory Board (TVETNAB)

The purpose of this NAB is to empower the private sector in guiding the proposed TVET reforms. This Board will be represented by the private sector's apex organizations, and have a majority of its seats filled by their designees. International experts should also be considered for proxy seats to bring in good practices from other countries. Among others, possible initiatives to be led by the Board include:

- Encouraging and strengthening a national apprenticeship program,
- In coordination with NACTE, establishing minimum skills requirements which can be incorporated into the National Skills Qualification Framework,
- In coordination with NACTE, propose the accreditation and certification of existing company-run training programs,
- In coordination with NACTE, establish an ongoing mechanism for monitoring performance and quality against TVET international good practices
- Representing the private sector's interests in future TVET policy discussions

- Support NACTE in implementing a National Qualifications Framework based on Competency Based Education and Training (CBET).

The TVETNAB should play a pivotal role in partnering with NACTE to develop and implement a CBET-based National Qualifications Framework. This framework serves the following objectives:

- Provide clear competence descriptors based on skills knowledge and ability, for each education level

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- Provide a clear path of progression between vocational, technical and university level education for those that qualify

- Develop a labor and manpower framework for skills upgrading, continuing education and advanced skills acquisition.

To address the vacuum that exists after basic skills acquisition, a labor and manpower system should be designed with partnership between the TVETNAB and the Ministries of Education and Labor to strengthen formal and informal apprenticeships, design and implement ongoing training modules which build on existing skills and allow for skills upgrading. As with all other courses, these advanced-skill courses will require NACTE certification, and can be delivered internally from employers, or outsourced to private skills providers.

- Strengthen ties between TVET graduates and the private sector through an online National Jobs Board, and improved career placement services

Finally, ATE should explore a partnership between the NAB and the existing Labor Exchange Center (LEC), (operated by the Ministry of Labor) to coordinate stronger ties to formal employment for TVET graduates. Currently, the LEC links jobseekers with formal and informal employment by educating job seekers on demanded skills. Its role can be strengthened in the following ways:

- Establishing an online jobs board which posts career opportunities from the private sector, and supports online searches allowing the private sector to identify qualified candidates.
- Supporting enhanced career placement services, job fairs, and career counselors within TVET institutions to enable entering students opportunities to plan their careers more thoroughly.

2008 Expected Outcomes

The following outcomes were expected from the above recommendations.

- A national TVET strategy, based on international good practice, which is responsive to the needs of the private sector, improves quality, encourages competition, and improves the overall competitiveness of Tanzania
- A more engaged private sector with ownership and influence of the national technical and vocational skills delivery and monitoring process.
- Businesses that are empowered to leverage the resources they invest in skills development to make decisions on how the skills they need is acquired.

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- Businesses will have access to skilled graduates, with a minimal need to be re-trained in basic skills
- A measurable performance criteria to maintain quality instruction and output
- Trainees will have access to world-class training that is responsive to local, regional and sectoral standards and needs
- Increased opportunities for job creation and formal employment

2010 Updates and Public and Private Sector Reactions to Earlier Recommendations

Update 1: Sera ya Elimu na Mafunzo

In 2009, the Ministry of Education and Vocational Training conducted an assessment to determine the adequacy of Tanzania's existing vocational and technical education system. The Assessment was chartered because it was believed that not all educational policy recommendations were being implemented correctly, whether due to inadequate funds or the structures that can adequately implement the policy recommendations. The assessment lead to recommendations which were later encapsulated into a policy brief entitled "Sera ya Elimu na Mafunzo". While there was broad distribution of the "Sera" to the education community, few within the private sector (or other public sector Ministries) knew of its existence. This lack of thorough vetting has the potential to continue to alienate the private sector employer community. Moreover, without widespread distribution, public comments have not acquired, threatening to marginalize those that the "Sera" is intended to benefit, private sector employers.

With the above in mind, the Ministry of Education has stated that it is very interested in presenting the "Sera" to a broader audience and welcomes widespread comments as a result. Meanwhile, the "Sera" continues to be updated. The latest 2010 January draft had the following observations. Among other things, the assessment determined that there was a mismatch between the demands of the market and the supply of skills, and that:

- The market demand for skills requires the widespread adoption of a revised curriculum. This curriculum would be based on the CBET system, competency based educational training system, which focuses on the acquisition of skills, not just knowledge.
- More concrete and institutional education should be targeted toward the informal economy
- Within the existing educational curriculum, entrepreneurial skills are not adequately being addressed. And,

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- Coordination, commitment , and communication between the various agencies responsible for technical or vocational education had been informal at best, but otherwise weak. This refers to communications and coordinations between TIE, NECTA, IAE, VETA, NACTE and TCU.

Supporting the assessment, the “Sera” had the following objectives related to skills development:

- Improving the quality of education and training at all levels
- Strengthening the capacity of institutions to respond to market needs and demands
- Offering market based education and training skills in varying fields
- Broadening effective sources of funds for education and training (SDL and other funds)
- Offering education and training opportunities without discrimination (gender equity and youth inclusion)
- Enhancing research and development for improved decision making on new policies, and curricula.
- Implementing a monitoring and evaluation framework to ensure proper implementation of the recommended policies, and
- Enhancing cooperation of all key stakeholders.

With the assessment and objectives as a backdrop, the following recommendations were presented for implementation.

- The creation and adoption of a National Qualifications Framework
- Articulation of the benefits of the introduction of a TVET system, to include the advent of a market based curriculum based on CBET
- The possibility for continuing education to higher levels from the vocational education track.
- The Ability to, through the framework ‘switch tracks’ from technical to vocational, or vocational to technical as one desires (and qualifies) and
- As the need arises, the “Sera” recommends seeking diversified sources of funds for skills development.

As of this writing, the Ministry of Education and Vocational Training has been petitioning Parliament to adopt the recommendations found therein. It is MoEVT’s aim to have the “Sera” adopted by election season of 2010 such that it can be one of the first Parliamentary actions in 2011.

The “Sera” is intended to be applied to all levels of education and training (from preparatory 5 years to post graduate levels). Institutionally, the “Sera” is integrated into the National level (policy & legislation, planning and monitoring and evaluation), at the Regional level (where the REO is responsible to oversee implementation), at the Local Authority level (which supervises implementation and coordinates implementation with NGOs within it districts), at the Divisional (Kata) level (responsible for implementing formal and informal sector training

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systems), and at training institutions, colleagues, and universities (where higher education is implemented).

What the Sera ya Elimu na Mafunzo does not address

The authors of this report feel that there are many substantive elements to this policy reform recommendation initiated and conducted by the MoEVT. However, there are areas which have not been addressed that when done so, significantly enhances the framework for skills development in Tanzania.

- Skills and Education issues are treated too similarly

While it can be appreciated that constraints, opportunities and approaches for issues relating to education and skills at times overlap, what the “Sera” fails to recognize is that there are several characteristics of both skills and education, which require individual attention. For instance, historically, education is treated as a supply-side approach, meaning, a central governing body establishes curriculum and all who enter the system are restricted to that curriculum. Conversely, for skills development, it is best advanced as a demand-side approach. Meaning those who are recipients of the training, or recipients of the student that receive the training make decisions about what is being taught.

How does this impact the “Sera” it has already in that the “Sera” itself has not been widely disseminated to the employer community, nor student recipients of skills development training. Therefore, there is a risk that only those familiar with educational reforms and not skills development reforms (supply side versus demand-side) approaches are being solicited to peer review.

- Tertiary introduction of TVET

The “Sera” mentions the benefits of a TVET system, without actually explicitly proposing that a TVET system should be adopted in Tanzania. While there are several benefits to a TVET system, without clearly proposing to adopt the system in the country puts the entire system at risk of never being adopted, nor implemented completely.

- Issues of funding do not address management and distribution of SDL

Of critical importance to private sector skills providers and private sector employers is the skills development levy, and that as of this writing, its distribution is not transparent and those wishing to play a stronger role in how its distributed haven’t the vehicle to do so. The “Sera” does not strongly point out these constraints, nor does it make recommendations for how the “sera” should address a transparently distributed SDL, and how (or who) should manage its distribution.

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- Framework established for involving educators, students and communities, but no explicit framework which involves employers and private sector for training

As mentioned earlier, the “Sera” indeed builds a framework for engaging educators, and the students and communities served by the educational system, but it is not clear how this framework extends to students of vocational education, nor to the end-clients of vocational education, the private sector employers. Without a proper framework for engagement, the private sector employers find themselves ill informed, and (though unintentional) excluded from the education and training policy reform process.

- Roles of skills providers and regulators are not explicitly defined, nor delineated

There is no mention in the proposed “Sera” of the need to separate the roles of regulators with those of skills training providers. This is considered a missed opportunity. With a more clearly thought out policy statement, delineating between skills providers and the authorities that regulate them, the entire system would benefit from more competition and thus arguably better services to end-clients.

Update 2: VETA’s enhanced skills development process

Since the 2008 report, VETA has continued to seek new ways of improving its service delivery, curriculum design and delivery and meet end-user employer demand. Several initiatives have been adopted to address these:

- Partnering and cost-sharing with sectors for improved skills delivery

A very interesting development since the 2008 skills development assessment is VETA’s new model of cost-sharing skills delivery with employers. In response to the needs of private sector employers, VETA now has the ability to subsidize up to 50% of the cost of:

- a) developing a customized training program for a client,
- b) bringing in specialized skilled trainers to deliver the customized program

Specifically, VETA has partnered with the mining sector, and in some cases the tourism sector to offer this customized training.

Though innovative, this offering is still yet to be widely known, and thus not widely adopted by end-user employers.

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- Updating curricula based on Competency Based Education and Training (CBET)

VETA has continued to update and roll out curricula based on CBET, while undergoing extensive training to its instructors such the instructors are prepared to teach using the new approaches.

- Expanding Labour Market and Trace Studies

Budget permitting, VETA continues to seek to expand its labour market and tracer studies. These studies have been very useful in assisting the Authority to understand the ever changing needs of the market, while learning (through tracer studies) where VETA graduates are going after training. Unfortunately, VETA labour market and tracer studies are still inhibited by finite resources, limiting their efficacy.

Reactions to 2008 Recommendations

In addition to the above mentioned changes, JAA vetted the 2008 recommendations to test the receptivity to their adoption. The following section highlights public and private sector response to the earlier recommendations.

- Significantly, reducing the skills development levy and defer the costs of training to qualified enterprises, through certified skills providers.

Still a sticking point with the Ministry of Finance, there is little receptivity to lowering the levy from it's current 6% to a widely accepted international good practice percentage of 2%. Several reasons were given for the Ministry's unwillingness to lower the levy, but the principle reason was because the Ministry felt it impossible to meet other financial obligations required of the sector if this policy was adopted.

Breakdown of Tanzania's Skills Development Levy Distribution (in Tsh)

Source: Republic of Tanzania Ministry of Finance

2007/08 Budget			
	PE	OC	TOTAL
32 Tabora Secretarial College	73,044,000		73,044,000
32 Civil Service Training Centre	81,033,000	593,610,000	674,643,000
50 Tanzania Institute of Accountancy	687,634,000	623,857,500	1,311,491,500
50 Institute of Accountants Arusha	1,060,324,000	454,045,300	1,514,369,300
68 Contribution to Tanzania Education Fund	480,882,000	4,500,000,000	4,980,882,000
68 & 52 National Council for Technical Education	509,074,000	1,299,150,000	1,808,224,000
68 Arusha Technical College		1,002,000,000	1,002,000,000
68 Mbeya Institute of Science and Technology	1,091,371,000	1,550,160,000	2,641,531,000
68 DSM Institute of Technology	3,048,044,000	1,344,370,500	4,392,414,500
68 National Commission for Science and Technology	666,890,000	495,600,000	1,162,490,000
68 National Science and Technology Fund		600,000,000	600,000,000
98 Technology Transfer Centre		212,400,000	212,400,000
69 National College of Tourism	148,181,000	200,018,000	348,199,000
TOTAL	7,846,477,000	12,875,211,300	20,721,688,300

Business Skills Development Levy budget
Transfers to VETA (1/3)

72,557,000,000
24,185,666,667

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When presented with the above table extracted from the Ministry in 2008 and asked to explain how the SDL is broken down and to whom it goes, it was difficult for representatives from the Ministry to do so. Representatives were, however, keen to point out that the Government of Tanzania inputs an equivalent Tanzanian shilling that is actually greater than the 6% collected from the SDL.

- Transparently redistributing the skills development levy to all public skills providers

Continuing the discussion about the SDL, when representatives from within the Ministry of Finance, or the Tanzanian Revenue Authority were asked if they felt it feasible to transparently redistribute the SDL to skills providers, there was enthusiastic agreement that since the funds come from employers, employers should know where the SDL is distributed, the entire 6%.

- Establishing a TVET National Advisory Board (TVETNAB)

This recommendation received the most enthusiastic response over any other recommendation. Establishing a TVET National Advisory Board was something discussed with private sector employers, the Tanzanian Private Sector Federation other PSOs, as well the Ministries of Finance, Labor and Education. All parties agreed that such an endeavor would provide a good platform from which to advocate for, and facilitate change in the skills development system in Tanzania.

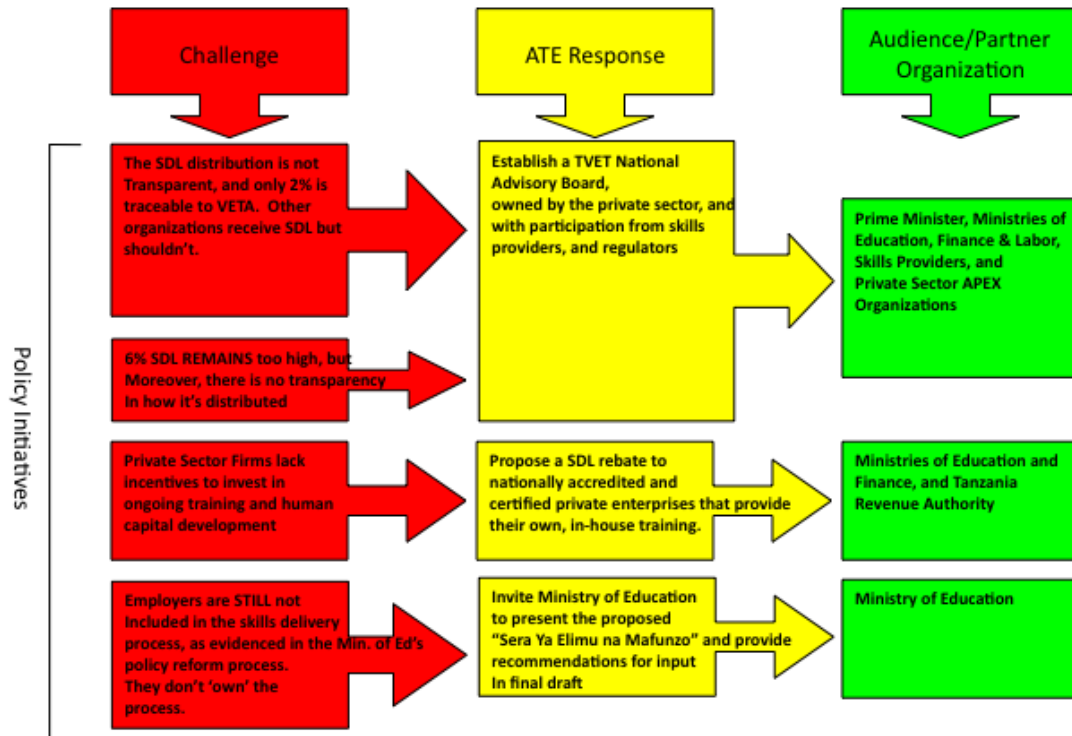
What could not be agreed upon was who should 'champion' such a board, ATE, TPSC, the NBC, or even another PSO interested in labor force issues. Moreover, there was discussion about under which Ministry such a NAB should fall under.

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Revised recommendations and expected outcomes

In light of the recent developments occurring within Tanzania, as well as reactions to the previous recommendations, JAA provides the following revised recommendations to ATE, its members and fellow PSOs:

2010 Recommendations



- Significantly, reduce the skills development levy and defer the costs of training to qualified enterprises, through certified skills providers.

This recommendation had three elements:

- *In keeping with good practice in other countries, the skills development levy should be reduced to 1-2 %.*
- *Introduce a skills development rebate system.*
Under this plan, enterprises that provide NACTE certified training to their employees are eligible to receive rebates against the cost of training.
- *Introduce a skills development voucher system.*
Enterprises are also eligible to receive a voucher to defer some, (or all of) the cost of training when they are trained by NACTE certified skills providers.

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- Transparently redistribute the skills development levy to all public skills providers

To ensure transparency and accountability of the use of the SDL, it should be redistributed to all publicly funded vocational and technical skills providers with a distribution based on national priorities. This redistribution should also be publicly tracked and disseminated. Providing this information publicly allows for transparency in the distribution of the SDL.

- Provide a SDL Rebate to qualified skills providers

- Private Sector firms providing their own in-house training are subject to SDL rebate
- Firms must have training curriculum accredited and certified by NEA
- Once certified, firms apply for rebate with TRA
- Skills Providers* should receive SDL exemption

- Establish a TVET National Advisory Board (TVETNAB)

The purpose of this NAB is to empower the private sector in guiding the proposed TVET reforms. This Board will be represented by the private sector's apex organizations, and have a majority of its seats filled by their designees. International experts should also be considered for proxy seats to bring in good practices from other countries. Among others, possible initiatives to be led by the Board include:

- Encouraging and strengthening a national apprenticeship program,
- In coordination with NACTE, establishing minimum skills requirements which can be incorporated into the National Skills Qualification Framework,
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- Representing the private sector's interests in future TVET policy discussions

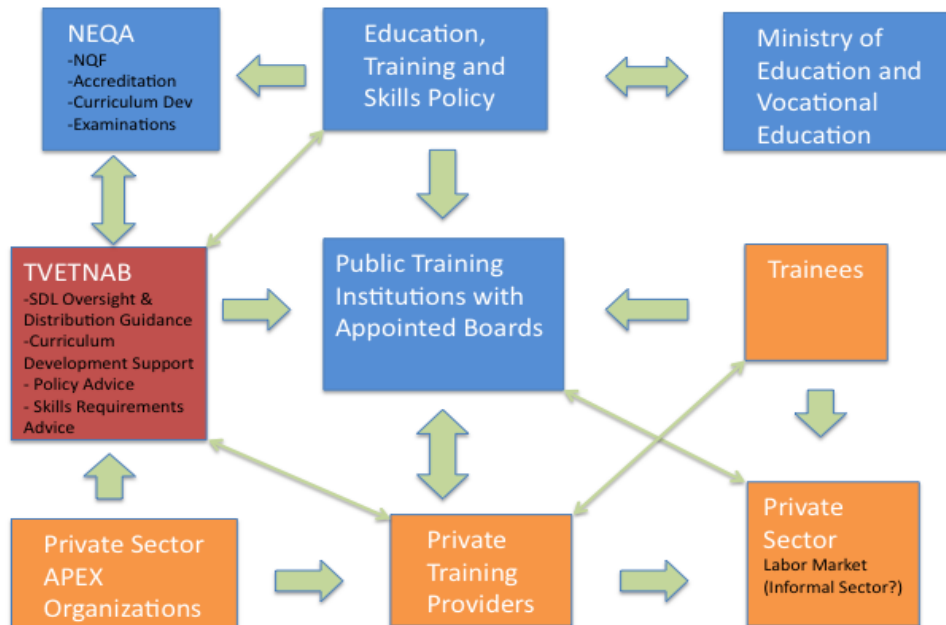
- TVET Functions

- Tripartite participation
- Oversee the distribution of the entire 6% SDL
- Distribute SDL and ensure SDL rebate is administered based on merit
- Contributions to demand-based curriculum development
- Continued involvement in future TVET policy reforms

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- Proposed TVET Framework

Example TVETNAB Framework



- Continue to Engage Ministry of Education and Vocational Training to provide private sector employer perspective into *Sera ya Elimu na Mafunzo*

As has been discovered, and reiterated by the Ministry itself, there is widespread enthusiasm and support from MoEVT to engage the private sector employers. MoEVT is eager to present the “Sera” to whomever is interested in learning of it, and MoEVT is eager to acquire feedback into the “Sera” for considered incorporation into the final draft presented to Parliament. Engaging MoEVT now ensures that private sector employers establish a foundation of ongoing support and collaboration with educators and policy makers who have influence over how skills development occurs in the country. Time is of the essence to engage them in this process.

Future proposed activities for ATE and the TVET NAB

The following are future activities that ATE, the TVETNAB, or others, in collaboration with the Ministry of Education and Vocational Training and the Ministry of Labor to enhance workforce linkages to employment.

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- Develop a labor and manpower framework for skills upgrading, continuing education and advanced skills acquisition.

To address the vacuum that exists after basic skills acquisition, a labor and manpower system should be designed with partnership between the TVETNAB and the Ministries of Education and Labor to strengthen formal and informal apprenticeships, design and implement ongoing training modules which build on existing skills and allow for skills upgrading. As with all other courses, these advanced-skill courses will require NACTE certification, and can be delivered internally from employers, or outsourced to private skills providers.

- Strengthen ties between TVET graduates and the private sector through an online National Jobs Board, and improved career placement services

Finally, ATE should explore a partnership between the NAB and the existing Labor Exchange Center (LEC), (operated by the Ministry of Labor) to coordinate stronger ties to formal employment for TVET graduates. Currently, the LEC links jobseekers with formal and informal employment by educating job seekers on demanded skills. Its role can be strengthened in the following ways:

- Establishing an online jobs board which posts career opportunities from the private sector, and supports online searches allowing the private sector to identify qualified candidates.
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