

VOCATIONAL EDUCATION AND TRAINING AUTHORITY



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Employers and ‘Skills and Development Levy’

The Vocational Education and Training Act was enacted by the Parliament in 1994 to guide the vocational education and training (VET) system in Tanzania. The Act established the Vocational Education and Training Authority (VETA) as an autonomous government agency charged with an overall responsibility of coordinating, regulating, financing, providing and promoting vocational education and training in the country. The Act further established the Vocational Education and Training Board which is responsible for the performance of the functions and management of the affairs of the Authority.

VETA depends on Skills and Development Levy (SDL) as its main source of income in financing vocational education and training. SDL is levied at 6% of payroll from employers with four or more employees every month. The levy is collected by Tanzania Revenue Authority (TRA) and VETA gets one third (1/3) of the 6% while two thirds (2/3) of the total SDL collected goes to the government.

Vocational skills are needed for any economy to function properly. Production will be weakened or the country will fall behind economically and technologically if there are no skills. Imagine what would happen when a country has no carpenters, electricians, masons, welders, motor vehicle mechanics, plumbers, tailors, auto-electricians, etc. What would happen to

the economy! Obviously, there would be low productivity resulting from inefficiency.

It could be expected that the beneficiaries of vocational training – individuals, households and enterprises – would finance the costs. However, vocational education and training is very costly compared to the general education. Evidence shows that the cost of specialized instructors and training material of vocational training is higher than the one of general education. This is due to the fact that the trainee groups are smaller (normally 16 for each class) and some of the training material expensive.

The cost of the buildings, tools and long-term equipment is much higher than the one of general education. In addition there are rapid changes in technology as such it is very costly to become up-to-date.

As a result of high costs involved in the vocational training, the government has intervened by introducing Skills and Development Levy (SDL) to make up for perceived shortfalls in investments by individuals and enterprises. Employers pay SDL (6% on payroll each month) whereas one third is allocated to the Vocational Education and Training Authority (VETA) to finance vocational education and training in the country.

SDL has provided a steady and stable source of revenue for vocational training. It has accessed a source of financing for training that probably would not otherwise have been available. SDL has been successful in supporting institution building and building the Authority. With sustained, reliable financial support VETA has developed into strong organization capable of responding widely and quickly to changes in labour market requirements.

It is worthwhile at this juncture to consider the rationale for SDL. Individuals and firms invest in training mainly for profits and higher productivity. They do not take into account any broader benefits that may accrue to society from a better trained workforce. Skilled labour force contributes to the attainment of macroeconomic goals of society. On the other hand, shortage of key skills could act as a hindrance on economic development in the country. Availability of a skilled workforce can be considered as a magnet to new investment. Provision of skilled manpower can strengthen export related industries, which could in turn help earn foreign exchange and lessen balance of payments problems.

Industries and businesses in Tanzania may not always be willing or farsighted enough to ensure that a sufficient number of people are being trained adequately in transferable skills to the above objectives. In that case, government intervention by introducing SDL is justified. Uses of SDL are discussed below.

1. Subsidizing Training Fees

The government is financing vocational training for underprivileged segments through SDL. The justification for this is that they are unable to pay for their training themselves and need the skills to fight poverty and unemployment. Another equity argument is that pre-employment training is directed toward less privileged students. The government is subsidizing secondary education while primary education is free. It would be discriminatory to subsidize secondary education for the privileged while not subsidizing vocational training. Labour market absorbs about 700,000 youth annually who have no skills. Through subsidy, vocational training is accessed by the unemployed youth who could not afford to pay the fees.

Emphasis in providing vocational training has now changed from producing job seekers to producing job creators. This is in line with the National Strategy for Growth and Reduction of Poverty (NSGRP). The strategy requires VETA as a key actor to continue implementation of demand-driven skills development program for promoting self-employment and productivity. Most graduates are now operating their own garages, carpentry workshops, salons. They are also engaged in electrical installation, refrigeration, air-conditioning, masonry, welding, metal fabrication, etc. Apart from employment creation, reduction of poverty is attained by graduates involved in income generating projects.



Vocational trainees during their practical training session

2. Ensuring Equity in vocational education and training

SDL helps to ensure that disadvantaged regions and individuals have fair opportunities to participate in training. Enterprises invest in regions where they can get profits. As a result training institutions are concentrated in Dar es Salaam, Arusha, Mwanza, Mbeya, Tanga, Dodoma and Moshi. Regions like Lindi, Mtwara, Rukwa, Ruvuma, Singida, and Kigoma are not attractive to investors. It is for this reason that VETA has constructed big and modern training centres in Mtwara and Kigoma through SDL.

Mtwara project with a total cost of Tshs 3 billion was started in February 1997 and the buildings were handed over to the Authority in May 1999. The project involved construction of administration block, workshops, classrooms, laboratory, library, dormitories for males and females, dinning hall, and staff houses. The centre was inaugurated by His Excellency Benjamin William Mkapa, President of the United Republic of Tanzania in April 2002. Equipment and tools for the centre with a total cost of Tshs 2.5 billion was provided as a grant by the Government of Japan.



Cross section of Mtwara Regional Vocational Training and Service Centre buildings financed through SDL

Mtwara Regional Vocational Training and Service Centre (RVTSC) provides training in welding, plumbing, masonry, automobile electricity, tailoring, carpentry, electrical installation, motor vehicle mechanics, laboratory skills and computer skills.

VETA also has constructed a Course and Conference Centre (CCC) next to the main campus for providing training in hospitality and tourism industry. The project with a total cost of Tshs 783m/= was financed through SDL. The centre has a hostel, conference hall and a restaurant with a big kitchen for training in food preparation skills.

In implementing its policy of establishing a model centre for each region, the Authority has completed construction of Kigoma RVTSC using SDL. The

project with a total cost of Tshs 3.33 billion was handed over to the Authority in May 2005. Arrangements are being finalized to start training programs at the centre before the end of the year. The centre will provide vocational training in tailoring, welding, refrigeration and air conditioning, painting, panel beating, plumbing, boat engine mechanics, automobile electricity, motor vehicle mechanics, computer skills, electrical installation, carpentry and joinery, masonry. It is envisaged that the centre will provide training for 400 and 780 trainees each year in long courses and short courses respectively.



View of Kigoma RVTSC at Mlole area

3. Tools and Equipment

SDL is used in providing training tools and equipment for vocational training centres. As a result of rapid changes in technology the Authority is required to equip its centres with modern and update tools and equipment. However, training tools and equipment are expensive and without SDL the Authority can not afford.

4. Capacity Building

VETA organizes capacity building programmes for its staff including instructors and registrars which are financed through SDL. The programmes are aimed at updating and upgrading their skills. As technology advances, we need to update skills of our instructors. A notable example is the automobile industry. Firms are now making electronic and automatic motor vehicles. Instructors are required to update their skills to cope with the rapid changes in technology in industry.

5. Labour Market Surveys

VETA uses SDL in conducting labour market surveys in the country. Generally, there is an accelerating shift to a service economy worldwide. This shift necessitates changes in training programmes. Instead of concentrating on traditional skills, training providers should also consider the emerging skills in the labour market. Labour Market Surveys provide information on labour market requirements in the modern formal sector. Surveys are also conducted in the informal sector of the economy. Labour market information resulting from the surveys are used by vocational training providers in developing training programmes. The reports also disseminated to the public.

6. Curricula development, Examinations and Certification

The Authority is responsible for curricula development. The curricula developed in collaboration with experts from the industry are financed by SDL. VETA is also responsible for conducting examinations and issuing certificates for Competence Based Education and Training (CBET), Trade Testing, National Business Examination (NABE) and Technician Certificate. Examinations and Certification are financed through SDL.

7. Support to Other Providers

VETA coordinates more than 840 vocational training centres in the country. Apart from financing labour market surveys, curricula development, examinations and certification in the vocational education and training system, the Authority provides direct support to these centres in capacity building, equipment and tools through SDL. For example, during the year 2005 VETA has set aside Tshs 607.9m/= as direct support to other vocational training providers. As part of the capacity building, the Authority conducts training for instructors from other providers at its Morogoro Vocational Instructors Training College (MVITC). Basic equipment and tools are provided through SDL to ensure quality training delivery at the vocational training centres.