

REPUBLIC OF ZAMBIA

**MINISTRY OF HIGHER EDUCATION
(MOHE)**

**SKILLS DEVELOPMENT
FUND
IMPLEMENTATION
FRAMEWORK**

February, 2017

1.0 INTRODUCTION

Zambia's Vision 2030 emphasizes developing quality human capital, including investing in quality education and skills development. In order to attain the desired human capital development, there is need to build inclusive and appropriate skills that respond to the demands of the labour market. Training in business development, technical and vocational skills will be required to support innovation and technology that will drive growth. This entails that people should be educated (to include formal and non-formal skills development).

1.1 Background

Zambia's Vision 2030 recognizes TEVET's role as an integral part of the education and skills development sector and its contribution to economic development. The vision for education and skills development includes increasing University and skills training output by 2 percent each year and improving equity of access, while maintaining internationally recognized and locally validated standards of quality.

In view of this, The Government of the Republic of Zambia has, through the Technical Education, Vocational and Entrepreneurship Training (TEVET) Act Number 13 of 1998 and the Skills Development Levy Act Number 46 of 2016, established the Skills Development Fund. The Fund is intended to provide sustainable financing of the TEVET system in order to ensure development and supply of skilled persons to the Zambian economy. The Fund has been designed to include policy responsiveness, governance structures, institutional arrangements, institutional capacities, systems and procedures. This fund will be collected from the employers at 0.5 percent of their payroll.

The Fund provides for opening up of equal access to training funds on a competitive basis with due reference to national development priorities. The funding strategy sets precedence for new disbursement modalities involving a number of funding windows that seek to address different labour market segments. These disbursement modalities are intended to provide an environment for continuous improvement in the quality and relevance of training.

1.2 LEGAL AND POLICY FRAMEWORKS

Technical Education, Vocational and Entrepreneurship Training (TEVET) is guided by three main policy frameworks. These are: the TEVET Policy of 1996, the Vision 2030, and the revised Sixth National Development Plan which at the moment is under review to develop the Seventh National Development Plan.

The 1996 TEVET Policy is the main framework for TEVET in Zambia. This policy recognized the need to adapt TEVET to meet the needs of a changing economy, including an important share of the informal sector, and to provide the right mix of skills to support national development and youth's employment prospects (UNESCO, 2016).

According to the TEVET Policy reforms of 1996, the goals included: (i) to balance the supply of skills labour market at all levels with the demands of the economy; (ii) to act as a vehicle for improved productivity and income generation; (iii) to be an instrument for the minimization of inequalities among the people.

Based on this policy, the TEVET Act No. 13 of 1998, and the TEVET (Amendment) Act No.11 of 2005, which led to the establishment of the Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) became important milestones for Zambia's TEVET subsector. The 1998 Act also defined a more decentralized governance framework, which represented a radical change in TEVET Management (UNESCO, 2016). All the training institutions together with TEVETA had Management Boards created by Statutory Instruments.

The Vision 2030 recognizes TEVET's role as an integral part of the education and skills development sector and its contribution to economic development. UNESCO (2016) indicates that the vision for education and skills development included increasing University and skills training output by 2 percent each year and improving equity of access, while maintaining internationally recognized and locally validated standards of quality. Further, the Vision 2030 has paved the way for National Development Plans that have put job and employment creation at the core of its activities through addressing issues of youth unemployment and skills shortages.

The revised Sixth National Development Plan (SNDP, 2013-2016), whose policy priorities include: Inclusive growth, job creation and rural development, underpinned by significant capital project in agriculture, accelerated infrastructure development, energy, health, education, skills development, water and sanitation. To implement these priorities, the revised SNDP aimed at 'increasing efficiency and equitable access to quality

basic skills and TEVET'. The newly developed Seventh National Development Plan is focusing on diversifying the economy.

In view of the many challenges that are being faced in developing skills in the country, the Government under the Ministry of Higher Education introduced in the 2017 budget a **Skills Development Fund** which is aimed at enhancing the provision of quality and equitable access of skills. This fund will be collected from the Private sector at 0.5 % of their payroll. To effect this Fund, Law was issued through the Skills Development Levy Act No. 46 of 2016 that has enabled the Ministry of Finance to collect levies from the Private sector and Industry.

1.3 OBJECTIVES

1.3.1 Overall Objective

The overall objective of the SDF is to develop a TEVET system that will improve the skills for both the formal and informal economy through creating a high quality, sustainable, demand-driven and equitable training system.

1.3.2 Specific Objectives

The SDF has the following specific objectives:

- i. Promote quality skills development;
- ii. Enhance access and participation in skills development;
- iii. Enhance demand responsiveness of the TEVET system;
- iv. Promote equity and inclusiveness in skills development; and
- v. Promote sustainable and diversified financing for skills development.

2.0 FOCUS AREAS

The focus areas will aim at developing a skilled workforce that will contribute to attainment of the middle income status Zambia aspires to be by 2030 and are as follows:

- i. Skills development;
- ii. Continuous Professional Development;
- iii. Management Systems;
- iv. Curricula and Learning Systems;
- v. Centers of Excellence and Specialized Training Institutions;
- vi. Research and Innovation;
- vii. Infrastructure development.

The Fund will have four funding windows in-line with the focus areas listed above as follows:

Table 1: Funding Windows

Window	Window 2			Window 3	Window 4	
Employee Based Training	Infrastructure Development and Equipment	TEVET Systems Development and Improvement	Human Resources Development	Pre-Employment Training	SME Training	Informal Sector Training

Window 1 – This window will be used to finance training for formal sector employers to upgrade or introduce new skills to their employees.

Window 2– This window will support:

- i. Construction, rehabilitation and maintenance of infrastructure;
- ii. Procurement of training equipment;
- iii. Development of Human Resource; and
- iv. Development and improvement of the TEVET system.

Window 3 - This window will be used to finance institutional based learning programs and apprenticeship training.

Window 4 - This window will be used to finance training of MSMEs and Informal Sector operators through the provision of funds to training providers and intermediary institutions.

3.0 FUND ELIGIBILITY

In order to qualify for the access of the Fund, the following will be the eligibility criteria:

- i. Priority Skills for national development;
- ii. TEVET registered Institutions;
- iii. Ability to manage funds (Availability of Financial Audited accounts or Independent Financial statements done by ZICA member);
- iv. Training should lead to national certification;
- v. Where possible demonstrate previous management of similar funds;
- vi. Banker's reference confirming that the applicants maintain an account with the bank and the said account is maintained to the satisfaction of the bank;
- vii. Training providers must submit a Strategic plan, including a Training Needs Analysis (TNA).

The following criteria shall be used to access funds under **window 1**:

- i. The company must be registered under the Companies Act Cap 388 of the Laws of Zambia;
- ii. The company must be operating in Zambia;
- iii. The employer must provide a Training Needs Analysis (TNA), which details the training requirements of their employees;
- iv. The employer must demonstrate how the proposed skills requirements will benefit the company;
- v. The company must be current in levy payments due to the Fund;
- vi. The employers will be required to show evidence of agreement in respect of the TEVET Institution identified to deliver the training.

The following criteria shall be used to access funds under **window 2**:

a) Infrastructure and Equipment

- i. The training provider must be offering courses in the national skills priority areas;
- ii. The infrastructure or equipment procured must be relevant to the training provided;

b) Human Resource Development

- i. The HRD main beneficiaries in this funding window will include trainers who are in employment with registered TEVET institutions;
- ii. The beneficiaries will be bonded to their institutions for a period equal to the duration of the training programme. This will only apply to long

term training. Long term training in this case refers to training undertaken for a period of twelve (12) months or more.

The following criteria shall be used to access funds under **window 3**:

- i. The beneficiaries of this funding window should be school leavers with a grade 12 level of educational attainment;
- ii. Only providers offering learning programs that lead to full or partial qualifications will be eligible for financing from this funding window. *(Partial qualifications mean particular modules within recognized learning programs will be provided for which learners receive partial certification).*

The following criteria shall be used to access funds under **window 4**:

- i. Funds will only be allocated to TEVETA accredited/registered training providers;
- ii. Preference will be given to institutions who can document good results from their implementation of training programs towards the specified target groups;
- iii. Due to the fragmented nature of the MSMEs and Informal sector, intermediary institutions such as Cooperatives, Association and other such groupings will be engaged to coordinate training for the MSMEs and the Informal sector;
- iv. The MSME/ Informal sector will be required to show evidence of agreement in respect of the TEVET Institution identified to deliver the training.

4.0 GOVERNANCE STRUCTURE

In order to ensure wide consultation, and to provide the necessary policy guidance, the TEVET System is structured as follows:

4.1 Ministry of Higher Education

The Ministry, in consultation with stakeholders is responsible for policy formulation, monitoring and reviewing of skills priorities, and allocation of Funds to realize the skills strategies.

4.2 Skills Advisory Council (SAC)

The SAC will be established by the Minister to advise the Ministry and other stakeholders. The Purpose of the SAC will be to provide a mechanism for consultation and consensus among the stakeholders. The SAC will comprise stakeholders including representatives from Industry, Employers, MSME Sector, Financial Institutions, Universities, line Ministries and TEVETA.

5.0 MANAGEMENT OF THE FUND

The Fund is located in the Ministry of Higher Education. The Ministry will be responsible for the coordination of all activities regarding management of the resources mobilised under the Fund. A **Fund Manager** shall be established under the supervision of the Ministry.

The management of the Fund shall be divided into two overall functions, namely Technical and Financial.

(a) **The Technical functions will include:**

- i. Initiating and maintaining the planning cycle of the Fund in collaboration with service providers;
- ii. Receiving and reviewing Proposals and Strategic plans from potential applicants;
- iii. Participating in the technical evaluation of Proposals and Strategic plans;
- iv. Developing contracts for successful applicants; and
- v. Monitoring and evaluation of ongoing projects as well as the Fund management activities in general.

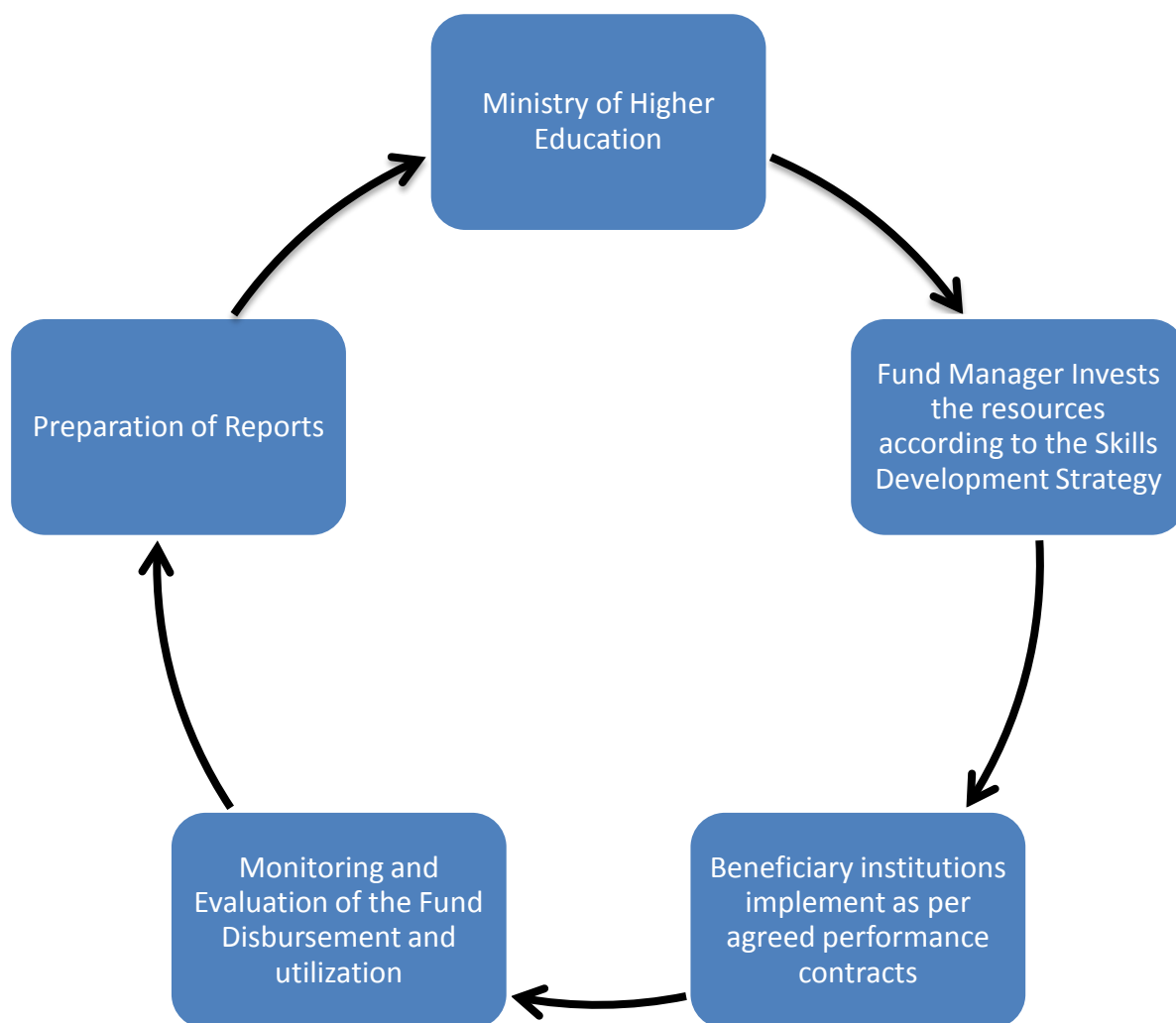
(b) The Financial Functions will include:

- i. Managing the Fund's resources as agreed with the Fund contributors;
- ii. Preparing management reports on a monthly basis;
- iii. Receiving invoices from Fund beneficiaries and preparing financial payments;
- iv. Ensuring compliance to Tender processes;
- v. Updating and reviewing procurement practices where relevant;
- vi. Updating disbursement records and ensuring that Fund beneficiaries submit their reports as per the contracts.
- vii. Verifying that application of funds is in conformity with the contracts.

6.0 DISBURSEMENT PROCESS FOR THE FUND

The Skills Development Fund will be managed by Government through the Ministry of Higher Education in partnership with the private sector. The disbursement and utilization of the fund will be guided by the following cycle:

1. Ministry of Higher Education in collaboration with TEVETA shall develop a five (5) year Skills Development Strategy with due reference to National Development Plan;
2. Fund Manager invests the resources according to the Skills Development Strategy;
3. Beneficiary Institutions implement as per agreed performance contracts;
4. Monitoring and Evaluation of the Fund disbursement and utilization;
5. Preparation of reports.



7.0 MONITORING AND EVALUATION

The objective of Monitoring and Evaluation (M&E) is to ensure that the Fund created on the premise of having a sustainable financing of the TEVET Sector is on course and the desired outputs are achieved. This activity is key to measuring the extent to which the Fund is contributing to the overall goal of developing a TEVET system that will improve the skills of both the formal and informal sectors to support the ever evolving Zambian economic activities.

The M&E will focus on Key Performance Indicators (KPI) to measure the output against the target and also the impact the Fund will achieve in the short, medium and long-term.

The M&E shall be a continuous process of this Framework and shall be a vehicle for improvement of the management and implementation of the Fund.

REFERENCES

1. TEVET Policy of 1996
2. TEVET Strategy Paper of 1997
3. TEVET Act No. 13 of 1998
4. TEVET Amendment Act No. 10 of 2005
5. Skills Development Levy Act No. 46 of 2016
6. Vision 2030
7. TEVET Fund Manual
8. UNESCO Education Policy Review for Zambia, 2016