



Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA)

2020 ANNUAL REPORT

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1.0 VISION, MISSION AND VALUES

1.1. VISION

A dynamic, credible and reliable regulator for technical education, vocational and entrepreneurship training

1.2. MISSION STATEMENT

To regulate, monitor and coordinate Technical Education, Vocational and Entrepreneurship Training to ensure sustainable supply of quality skilled labour force



1.3. VALUES

Core Values TEVETA upholds:	Integrity	We are honest and ethical in the execution of our duties
	Innovation	We are creative and embrace new ideas for effective service delivery
	Accountability	We are responsible for all our actions and transparent in the execution of our duties
	Equality	We treat all our clients fairly in the execution of our regulatory role
	Teamwork	We value collaboration with stakeholders for the achievement of the common goal

2.0. REGISTERED OFFICE

The Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA)
Plot No. 4751
Birdcage Walk, Longacres
Private Bag RW16X
Lusaka
Zambia

3.0. BANKERS:

3.1. Citibank Zambia Limited

Lusaka Main Branch
Addis Ababa Roundabout
Lusaka
Zambia

3.2. Stanbic Bank Zambia Limited

Woodgate House
Cairo Road
Lusaka
Zambia

3.3. Zambia National Commercial Bank Limited

Civic Centre Branch
Independence Avenue
Lusaka
Zambia

4.0. AUDITORS

Mark Daniels

5.0. TEVETA MANAGEMENT



Mr. Cleophas Takaiza
Director General



Mrs. Rudo Banda

Director
Training Standards
Division



Dr. Phillip Mubanga

Director
Finance &
Administration Division



Mr. Ocean Matimba

Director
Assessments &
Certification Division



Mrs. Phyllis Kasonkomona

Director
Development
Division

6. EXECUTIVE SUMMARY

In 2020, the COVID-19 pandemic affected the implementation of many activities including inspection of training institutions. A total of 287 were inspected for compliance to minimum training requirements. There were 303 training institutions registered with TEVETA as at December 31 2020. Inspection findings showed that most training institutions did not have robust internal quality assurance management systems to facilitate effective delivery of training. Facilities for e-learning amid the COVID-19 pandemic faced teething problems such as limited skills for handling e-learning by trainers, unavailability of ICT infrastructure, limited internet access, by the students. The number of trainers to teach entrepreneurship and learning materials in the subject are also limited.

To address some deficiencies identified during inspections, capacity building programmes were conducted. Capacity was built for 14 Institutional Managers in leadership and management. One Hundred and Seventeen (117) examiners and assessors had their competences enhanced in developing assessment instruments. The capacity building contributes to improved training delivery in the sector.

Forty (40) curricula were developed, 20 were reviewed and 39 were validated in line with industry needs and changes in technology and production systems in the labour market. One hundred and seventy-two (172) programmes out of total 326 TEVET curricula were due for review as at December 2020. The Authority also carried a survey to assess students' perception of Distance Learning during the pandemic in Zambia. The main findings were that students had a negative attitude towards e-learning in TEVET. This was as a way of finding solutions to challenge brought by the COVID – 19 pandemic.

A total of 32, 264 learners were registered for TEVET assessments and examinations in 2020 compared to 47,162 in 2019. This represents 31.58% decrease mainly due to the outbreak of the COVID-19 pandemic, which disrupted the conduct of assessments as learning institutions had closed. Only two examination sessions were conducted in the year under review. Under the December 2020 examination session, only graduating students sat for examinations in

adherence to the Ministry of Health guidelines on maintaining physical distance. The overall pass rate for 2020 was 89.4% of the total of 8,382 candidates who registered to sit for ZQF Levels 4-6 Programmes. For Trade Test programmes, the pass rate was 87.4% of the 11,804 candidates who registered to sit for Trade Test programmes. The pass rates for 2019 were 95.4% under ZQF Levels 4-6 and 91.1% for Trade Test programmes. The closure of learning institutions due to COVID-19 is mainly attributed to low performance of the learners in the 2020 examinations and assessments.

To combat and mitigate the spread of COVID-19, the Authority invested in appropriate technologies. In an effort to minimize the spread of COVID-19, the Authority has embarked on developing online service delivery platforms, which include TEVETA Online Payments Platform, Online Registration and Accreditation System and Digital Learning Platform.

TEVET Fund disbursements towards continued improvement to access, quality and relevance of TEVET in line with the Seventh National Development Plan (7NDP) were made in the year. The TEVET Fund activities were implemented under Employer Based Training and SMEs and Informal Sector Training. A total of 174 contracts to up-skill 2, 320 employees were recommended for award at a cost of K14, 480, 231.80 under Employer Based Training. However, only 111 training contracts were signed to train 1, 684 employees from various companies at a cost of K11, 871, 407.80. Some contracts could not be signed for implementation due to COVID-19 related issues, which hindered implementation of the training. Two hundred and fourteen (214) contracts were signed with 70 TEVET institutions at a cost of K11, 087.500 to support training of 5, 165 SMEs and informal sector players.

TEVETA remains grateful to the Government of the Republic of Zambia and other stakeholders, who have continued to support the work and programmes of the Authority.

Following the dissolution of the Board of TEVETA on 7th May 2017, the Authority has been reporting to the Ministry of Higher Education through the office of the Permanent Secretary.

7.0 OPERATIONAL REVIEW BY THE DIRECTOR GENERAL

7.1 MANDATE OF TEVETA

The Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) is an institution established under the Technical Education, Vocational and Entrepreneurship Training Act No. 13 of 1998, read together with the Technical Education, Vocational and Entrepreneurship Training (Amendment) Act No. 11 of 2005. Its general function is to regulate, coordinate and monitor Technical Education, Vocational and Entrepreneurship Training in consultation with industry, employers, employees and other stakeholders. The specific functions are to:

- a) administer and manage the Technical Education, Vocational and Entrepreneurship Training (TEVET) Fund;
- b) advise the Minister on the development quality of the human resources in Zambia through the technical education, vocational and entrepreneurship training;
- c) regulate and advise institutions established or registered under this Act;
- d) regulate and coordinate apprenticeship and trade testing systems;
- e) facilitate the provision of technical consultancy to institutions established or registered under this Act;
- f) facilitate the development of technical capacity in institutions established or registered under this Act;
- g) develop national curricula in consultation with stakeholders;
- h) set minimum standards and qualifications for any occupation, skill, technology or trade in accordance with trends in the industry;
- i) provide guidelines for the development of institutional curricula;
- j) accredit local and foreign examinations to be taken by persons attending courses at an institution established or registered under this Act;
- k) regulate and conduct national examinations and assessments relating to technical education vocational and entrepreneurship training;
- l) charge and collect fees in respect of examinations, assessments undertaken under this Act;
- m) award certificates to persons who succeeded in examinations and assessments undertaken under this Act;
- n) approve curricula and standards of certificates in institutions established or registered under this Act;
- o) register institutions;
- p) cancel registration of an institution established under this Act;
- q) collect, manage and disseminate labour market information relating to technical education, vocational and entrepreneurship training;

- r) initiate, monitor and evaluate development programmes for continued advancement of technical, vocational and entrepreneurship training;
- s) determine the equivalences of local and foreign examinations;
- t) accredit and register trainers, examiners and assessors;
- u) in conjunction with the Minister:
 - i. determine priority skills areas of technical education, vocational and entrepreneurship training for the purpose of enhancing social and economic development in Zambia; and
 - ii. mobilise financial and material resources for the provision of technical education, vocational and entrepreneurship training; and
- v) do all such things connected to or incidental to the functions of the Authority under this Act

7.2 GOVERNANCE

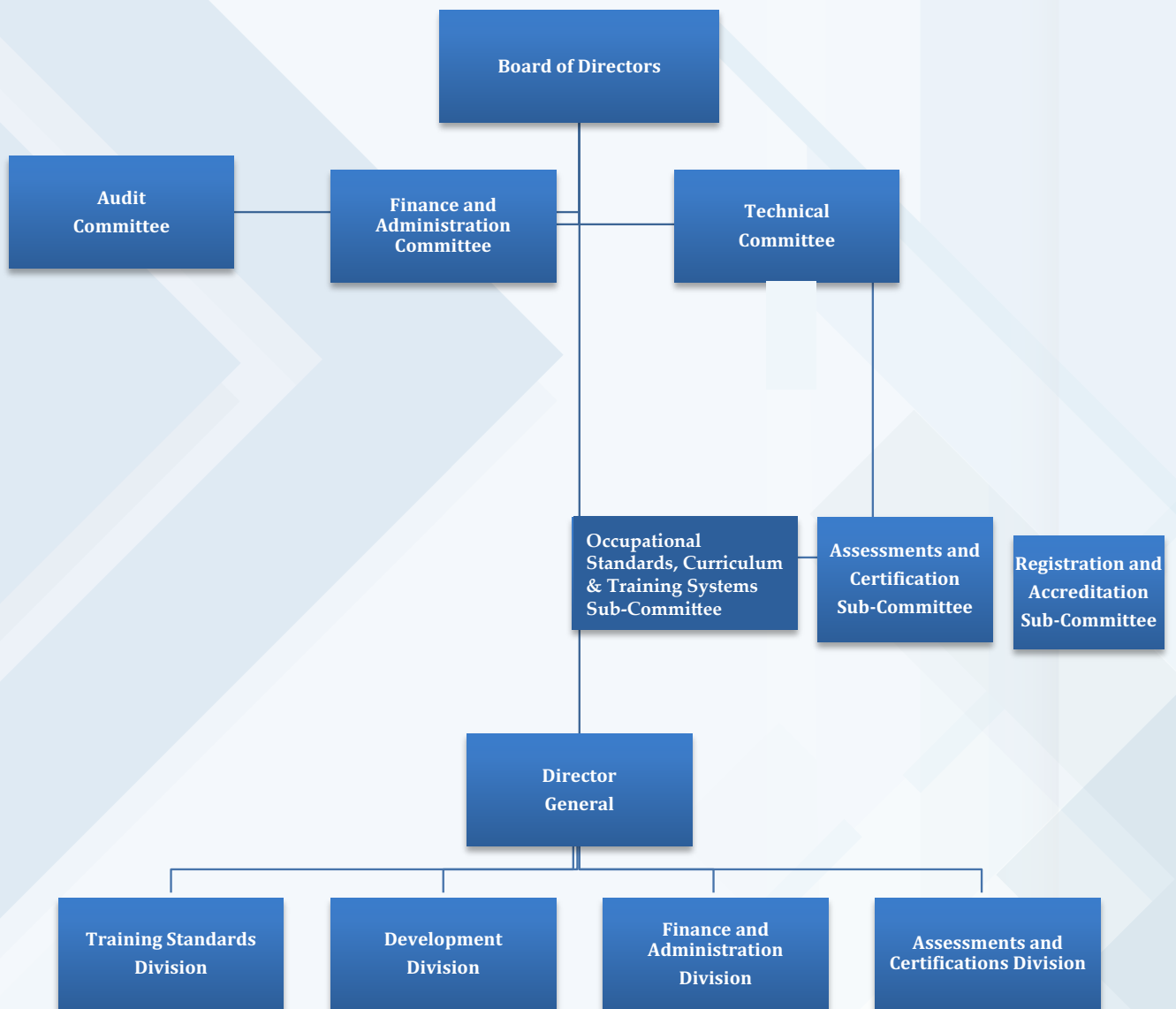
TEVETA is governed by a Board of Directors appointed by the Minister, in accordance with Section 6(1) of the Technical Education, Vocational and Entrepreneurship Training (Amendment) Act No. 11 of 2005. The Board consists of representation from the following:

- 1) a representative of a federation of trade unions;
- 2) a representative of the Zambia Association of Chambers of Commerce and Industry;
- 3) one representative from the university established under the University Act;
- 4) one representative from a federation of employers' organisations;
- 5) a representative of the Zambia Chamber of Small and Medium Business Associations;
- 6) a representative of a research and development institution established under the Science and Technology Act;
- 7) a representative of a religious organisation involved in providing technical education, vocational and entrepreneurship training;
- 8) a representative of the Ministry responsible for technical education, vocational and entrepreneurship training;
- 9) a representative of the Ministry responsible for labour;
- 10) a representative of the Ministry responsible for education; and
- 11) one other person

The members elect a Chairperson and a Vice Chairperson from among their number.

Figure 1: shows the governance structure for the Authority

GOVERNANCE STRUCTURE OF TEVETA



7.3 THE ROLE OF TEVETA

The Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) is organised around four Divisions, which are Training Standards, Development, Assessments and Certifications, and Finance and Administration. The Divisions are under the supervision of the Divisional Directors who report to the Director General. Each Division is further structured into specialised operational Units.

This report covers the activities carried out by the Authority through the four Divisions during the implementation of the 2020 Annual Work Plan and Budget for the period 1st January to 31st December.

7.3.1 TRAINING STANDARDS DIVISION

The Training Standards Division is responsible for ensuring compliance to the set quality standards for the learning processes and environments through:

- (a) inspection and registration of training institutions;
- (b) accreditation of Trainers, Examiners, Assessors;
- (c) provision of training provider support services with respect to continuous improvement in training institutions;
- (d) promotion of continuous professional development of the personnel in the TEVET sector; and
- (e) promotion of entrepreneurship training in the TEVET sector.

This is achieved through the quality assurance activities that are conducted by the two units of the Division, namely Training Quality Assurance (TQAU) and

Training Provider Support Services (TPSSU).

The activities of the TQAU aim at ensuring the delivery of quality training through the registration and accreditation processes while the TPSSU activities aim at facilitating for the quality improvement of the training activities through the provision of capacity building, advisory services and promoting the delivery and implementation of entrepreneurship training in the TEVET institutions.

The strategic objective for the Division for 2020 was to “Develop and continuously improve the capacity, efficiency and effectiveness of training quality assurance systems to ensure the desired quality of TEVET graduates.”

In order to achieve this Strategic Objective, the following were the activities that were undertaken:

(i) Registration and inspection of training institutions

The Division conducted training quality assurance inspections for purposes of registering new training institutions and to ensure compliance with minimum training standards amongst registered training institutions. Thirty-four (34) applications seeking registration to offer TEVET were received in the year under review. Twenty – two (22) of the applicants met the standards and were registered while the rest did not meet the minimum requirements for registration. The 12 institutions that were not registered were advised to resubmit their applications for processing once they addressed areas that made them fail. In addition, thirteen (13) institutions had their registration certificates cancelled mainly due to non-compliance to the requirements of the TEVET Act No.13 of 1998 and amendment Act of No.11 of 2005. By the end of the year under review, 303 training institutions were registered with the Authority.

All the registered training institutions were intended to be inspected in 2020. However, inspections were only conducted at 287 Institutions due to COVID-19 restrictions.

Inspection findings were that training institutions did not have robust internal quality assurance management systems for effective delivery of training. An assessment of training institutions' readiness to reopen in line with the COVID-19 requirements after closure in March 2020 reviewed that compliance to the COVID-19 requirements was a challenge. A further assessment of institutions' capacity to offer e-learning amid the COVID-19 pandemic showed that the sector had teething challenges to be addressed for the effective delivery of e-learning. Main challenges were lack of appropriate e-learning content, limited skills on e-learning by trainers, inadequate ICT infrastructure, limited internet access, and limited access by the students to e-learning content. In addition, limited number of trainers to teach the Entrepreneurship Programme and learning materials were the other identified challenges.

TEVETA has a system of grading training institutions according to their capacity to offer quality training services. A "Grade 1" institution is one with well-established management systems, qualified and

experienced management staff, trainers accredited with TEVETA in line with the TEVET Act, appropriate and equipped workshops, safety preparedness, ample classroom space, adequate reference materials for teaching and learning, equipped ICT facilities and adequate sanitary facilities in relation to the student population. A "Grade 2" institution is one which meets basic registration requirements whilst a "Grade 3" institution would barely meet the minimum training standards.

At the close of 2020, 63% of the registered institutions were in "Grade 3" compared to 53% in 2019. The 10% increase in the number of training institutions in "Grade 3" shows that many of the training institutions required investment in relevant learning materials, workshops and tools.

The delivery of quality training continues to be a challenge in the sector. The main factors affecting the delivery of quality training include poor maintenance of teaching files, poor management systems and inadequate tools, equipment, infrastructure, inadequate learning materials. Table 1 below presents the distribution of training institutions by Grade and province while Figure 1 shows the distribution of training institutions by province as at December 2020.

Table 1: Distribution of Institutions according to Grades as at 31st December 2020

NAME OF THE PROVINCE	GRADE			TOTAL	% OF TOTAL
	1	2	3		
Central	1	5	13	19	6.3%
Copperbelt	10	22	52	84	27.7%
Eastern	0	2	9	11	3.6%
Luapula	0	3	9	12	4.0%
Lusaka	8	42	67	117	38.6%
Muchinga	0	0	5	5	1.7%
Northern	0	2	6	8	2.6%
North-Western	2	3	7	12	4.0%
Southern	1	9	15	25	8.3%
Western	0	1	9	10	3.3%
TOTAL	22	89	192	303	100%
%	7.3%	29.4%	63.4%	100.0%	

Figure 1 below also shows the snapshot of the distribution of institutions according to Provinces.

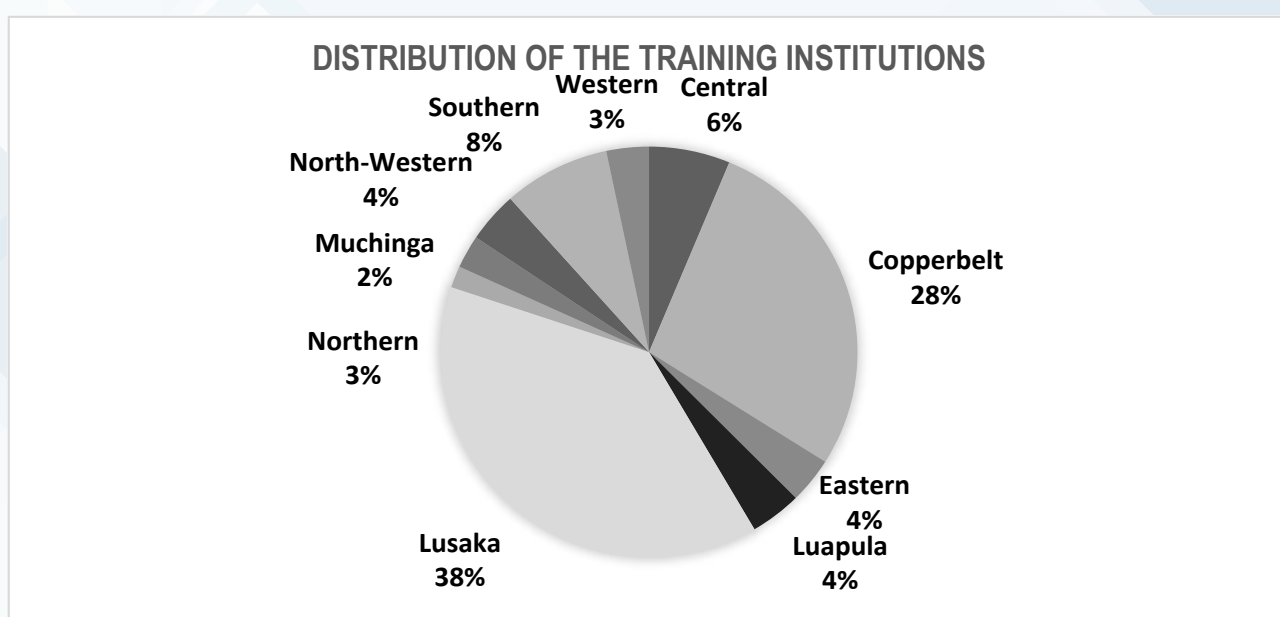


Table 2 below presents a summary of the distribution of registered training institutions by Ownership and Province as at December 31st 2020.

Table 2: Distribution of the Institutions according to Ownership

Name of Province	Type of Ownership							Total
	Public/ Govt.	Private	Church	Community	Trust	Company	NGO	
Lusaka	26	52	15	2	5	5	12	117
Copperbelt	26	22	10	3	2	14	7	84
Southern	11	2	9	0	0	2	1	25
North-western	7	0	0	0	0	4	1	12
Luapula	7	0	4	1	0	0	0	12
Central	11	1	3	0	0	0	4	19
Eastern	8	2	1	0	0	0	0	11
Western	8	0	2	0	0	0	0	10
Northern	6	0	2	0	0	0	0	8
Muchinga	4	0	0	0	0	1	0	5
Total	114	79	46	6	7	26	25	303
%	37.62%	26.07%	15.18%	1.98%	2.31%	8.58%	8.25%	100%

Table 3 shows the distribution of institutions according to levels of qualifications being offered in the sector. The table shows that most of the training being offered in TEVET is in the lower levels of the Zambia Qualifications Framework.

Table 3: Distribution of Institutions according to Levels of qualifications

Name of the Province	Level of Training						Total
	Short Courses	Level 3 Certificate	Level 4 Certificate	Level 5 Certificate	Diploma (Tech)	Diploma (Mgt.)	
Central	3	8	6	0	1	1	19
Copperbelt	17	36	8	2	6	15	84
Eastern	0	6	5	0	0	0	11
Luapula	0	9	2	1	0	0	12
Lusaka	44	34	10	2	7	20	117
Muchinga	0	4	1	0	0	0	5
Northern	0	6	1	1	0	0	8
North-Western	0	8	4	0	0	0	12
Southern	4	12	6	0	1	2	25
Western	0	7	2	0	0	1	10
TOTAL	68	130	45	6	26	28	303
%	22.44%	42.90%	14.85%	1.98%	8.58%	9.24%	100%

(ii) **Accreditation of Trainers, Assessors and Examiners**

Accreditation of Trainers, Assessors and Examiners was conducted in accordance with the requirements of the TEVET Act No.13 of 1998 and amendment Act No. 11 of 2005. Accreditation promotes quality training delivery in the sector. Nine Hundred and Ninety (990) applications were received for accreditation in 2020. A total of 863 were accredited, representing 87.2% accreditation success rate for the year compared to 83% in 2019. Continuous engagement of applicants on accreditation requirements contributed to the increase in the accreditation rate.

Accreditations conducted in 2020 are as summarised below:

Table 4: Accreditation of Trainers, Assessors and Examiners in 2020

Category of Accreditation	Trainer	Assessor	Examiner	Total
Full Accreditation	311	168	256	735
Provisional Accreditation	128	0	0	128
Total	439	168	256	863
Not Accredited	127			

A total of 1, 935 Trainers, Assessors and Examiners were accredited in the sector in the year under review. The accreditation was broken down as follows:

Table 5: Summary of accredited Trainers Assessors and Examiners as at 31st December 2020

Trainer	Assessor	Examiner	Total
935	303	607	1, 935

(iii) **Provision of support services to training institutions in improving management systems**

In the year under review, the Division conducted various support services to training institutions. A total of Eighty (80) Training Institutions were visited from Central, Copperbelt, Eastern, Northern, Muchinga, North-western and Southern provinces for support services provision purposes. The main focus of the visits was twofold:

- (a) facilitate for the improvement of management systems
- (b) check on the delivery of entrepreneurship training

The support services resulted into seven (7) training institutions migrating to better grades and one (1) registered institution attained the Centre of Excellence status, which is the highest quality grade in TEVET. A Centre of Excellence is a shared facility or a training institution that promoted collaboration and provides leadership, best practices, research and development, support, and/or training for a focus area. The focus area might be technology, a business concept, a skill or a broad area.

(iv) **Promotion of continuous professional development of institutional managers, assessors and examiners**

Capacity building programmes were undertaken to improve institutional performance in the sector. Fourteen (14) Institutional Managers and One Hundred and Seventeen

(117) accredited examiners and assessors were trained. The capacity building for Institutional Managers was in leadership and management. Training for assessors and examiners was to enhance their competences in the development of formative and summative assessment instruments.

(v) **Promotion of entrepreneurship development and training amongst the registered institutions to foster the creation of sustainable enterprises**

The delivery of entrepreneurship training was monitored among the 287 institutions. It was established that all the 287 institutions had limited qualified trainers for Entrepreneurship; most of them were not in possession of the current Entrepreneurship Curriculum and toolkit. The institutions also did not have adequate training materials to enhance the delivery of training for trainers and the trainees.

These present a challenge to provide TEVETA to explore ways of facilitating Entrepreneurship training through the development of synergies and linkages in the Entrepreneurship Ecosystem and ensure that the goals of the 2020 TEVET Policy are achieved.

7.3.2. DEVELOPMENT DIVISION

The Development Division is responsible for developing learning programmes, setting standards and providing guidelines for the implementing of different modes of teaching and learning. The strategic objectives of the Development Division during the year under review were;

- To develop and continuously review curricula to ensure it is relevant and responsive to national and industry demands.

- To develop and promote innovative training systems to increase access to TEVET through a variety of learning pathways.
- To develop and implement a TEVET Research, Innovation and Knowledge management system.

(i) **Curriculum Development and Review**

In the year under review, the Development Division developed 40 new curricula to meet industry demands for new skills. The Division also reviewed 20 old curricula and learning materials to align them to new technological developments. In addition, thirty-nine (39) programmes were evaluated to assess relevance to needs of industry. There were 172 programmes due for review by the end of the year out of the total number of 326 TEVET curricula.

(ii) **Training Systems Development**

(a) *Promotion of different learning Pathways*

To ensure continuous promotion of different learning modes, the Division collaborated with the International Labour Organisation (ILO) to profile about 600 candidates for Recognition of Prior Learning (RPL) assessments in the informal sector and MSMEs in Lusaka, Ndola, Kitwe, Chingola and Solwezi. The targeted skills included Metal Fabrication, Carpentry and Joinery, Bricklaying and Plastering, Automotive Mechanics, Automotive Vehicle Body Repair, Electrical Engineering, Automotive Electricity, and Hospitality skills. ILO also sponsored eight (8) Ministry of Higher Education officers and TEVETA members of staff

in modular content creation and e-pedagogy in TEVET.

The Division also collaborated with the German Society for International Cooperation (GIZ) to develop an e-learning system.

(b) *Labour market surveys and analysis, TEVET Research and Innovation*

The Division participated in the National Skills Survey co-sponsored by the Ministry of Higher Education and Ministry of Labour and Social Security. The Survey involved the training of enumerators and data collection. The aim of the survey was to assess the type of skills that are available in the industry and ascertain the existing skills gaps. The Division also coordinated the collection of data for the Support to Science and Technology Education Project (SSTEP) funded Tracer Study and Impact evaluation for Trade Test Level III graduates that was funded by SSTEP under the African Development Bank (AfDB). The Division also carried a survey to assess students' perception of Distance Learning during the pandemic in Zambia. The main findings were that students had a negative attitude towards e-learning in TEVET. The survey was as a way of finding solutions to challenge brought by the COVID – 19 pandemic.

(c) *Promotion of skills competitions and Excellency*

The Division in the year under review received a donation of training tools and equipment for capacity building of Skills Experts and Competitors for Bricklaying, Carpentry, and Wall and Floor Tiling through a partnership with the Korea Human Resource

Development (HRD – Korea) under the Korea Skills Transfer for Aspiring Regions (K-STAR) project. The project is focusing on skills excellence promotion, skills competitions as Zambia prepares for 2022 Shanghai - China WorldSkills International Competitions and international cooperation.

7.3.3 ASSESSMENTS AND CERTIFICATIONS DIVISION

The Assessments and Certifications Division is responsible for the conduct and administration of TEVET Assessments and Examinations to learners in institutions registered with TEVETA. The strategic objective of the Assessments and Certification Division is to develop and continuously improve the TEVET Assessments and Certification system to cater for all training modes in the context of the Zambia Qualifications Framework.

During the year under review, the Division conducted the three (3) examination sessions instead of the four (4) sessions held every year due to COVID-19 disruptions to the school calendar. The April/May, September/October, and November/December examinations were conducted. The April/May examination session was held in July 2020 due to closure of colleges amid the COVID-19 outbreak. The September/October session for Secondary School Vocational Education and Training (SSVET) was held in November 2020. The November/December examination session catered for candidates who enrolled for examinations In July/August and November/December 2020.

(i) **Number of Institutions that Participated in the Examinations**

A total of 90 institutions presented candidates in programmes leading to Level 4 to 6 Certificate (ZQF Levels

4-6). Lusaka and Copperbelt provinces had the highest number of institutions recording 28 and 26 institutions respectively. Northern and Muchinga provinces had the lowest number of institutions recording 2 and 1 institution respectively.

In the same period 158 institutions presented candidates for Trade Test assessments. Trade Test is Level 3 Certificate of the Zambia Qualifications Framework. Similarly, Lusaka and Copperbelt provinces had the highest number of institutions recording 41 and 38 institutions respectively. Northern and Muchinga provinces had the lowest number of institutions

recording 6 and 5 respectively and 7 institution presented candidates for skills award.

Two hundred and ninety (290) institutions presented candidates for Secondary School VET programmes in the 2020 TEVET examinations. Copperbelt and Southern provinces recorded the highest number of institutions participating in the 2020 examinations recording 110 and 61 institutions respectively. The least number of institutions were recorded in Northern (12) followed by Lusaka province (1). Figure 1 and Table 1 shows this distribution:

Figure 2: Institutions that participated in the examinations

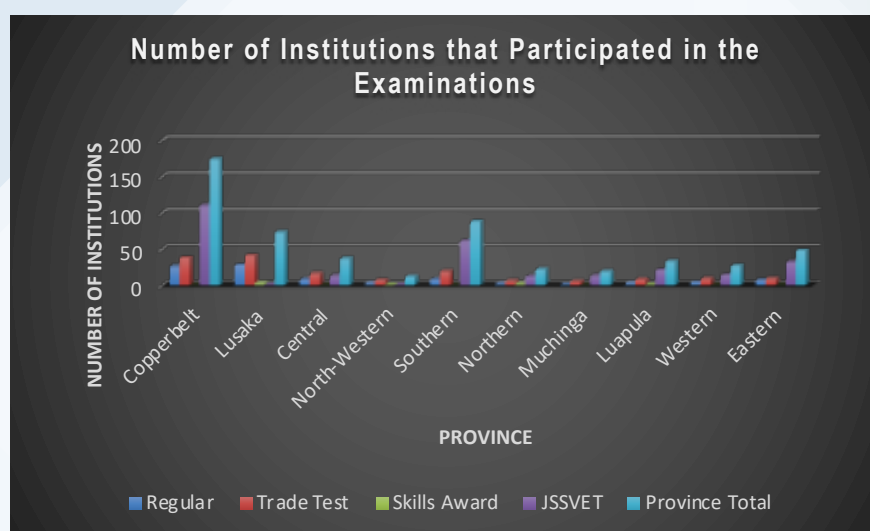


Table 6: Institutions that participated in the examinations

Programme	Copperbelt	Lusaka	Central	North-Western	Southern	Northern	Muchinga	Luapula	Western	Eastern	Total
Regular	26	28	8	3	8	2	1	3	4	7	90
Trade Test	38	41	16	7	19	6	5	8	9	9	158
Skills Award	0	3	0	1	0	2	0	1	0	0	7
JSSVET	110	1	14	12	61	12	13	21	14	32	290
Province Total	174	73	38	23	88	22	19	33	27	48	545

(iii) Candidature

A total of 32,264 learners registered for 2020 TEVET assessments and examinations (8,382 ZQF Levels 4-6 Programmes, 11,804 Trade Test Programmes 11,924 Junior Secondary School VET and 154 Skills Awards programmes).

There was a decrease of 31.58% in the number of candidates assessed from 47,162 in 2019 to 32,264 in 2020. This is attributed to the outbreak of the COVID-19 pandemic. Only candidates who had already enrolled for April 2020 examinations in March when institutions closed were allowed to sit for the April 2020 examination conducted in July 2020.

Under the December 2020 examination session, only graduating students sat for examinations. This was done in adherence to the Ministry of Health guidelines on maintaining physical distance. This resulted in a decrease in the number of candidates who sat for examination in 2020. Refer to Figure 2 and Table 7.

Figure 3: Candidature

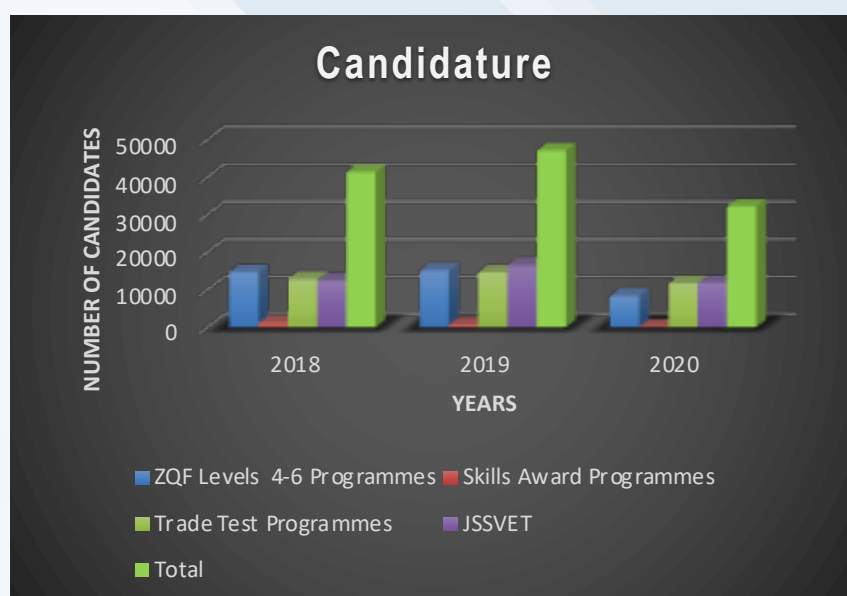


Table 7: Candidature

	2018	2019	2020
ZQF Levels 4-6 Programmes	14792	15,141	8,382
Skills Award Programmes	1182	782	154
Trade Test Programmes	12842	14677	11,804
JSSVET	12585	16562	11,924
Total	41401	47,162	32,264

(iv) **Number of Programmes Examined**

A total of 200 programmes were assessed at different qualification levels broken down as: 100 ZQF Levels 4-6 Programmes, 90 Trade Test /SSVET Programmes and 10 Skills Awards. Refer to Figure 4 and Table 8.

Figure 4: Number of programmes examined/assessed

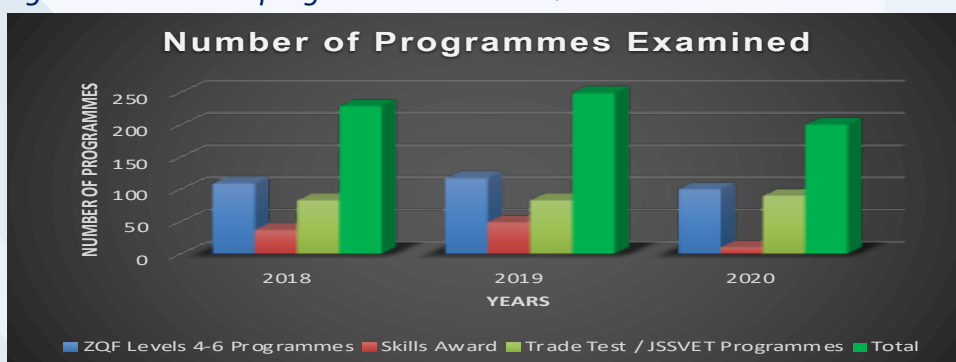


Table 8: Number of programmes examined/assessed

	2018	2019	2020
ZQF Levels 4-6 Programmes	109	117	100
Skills Award	37	49	10
Trade Test / SSVET Programmes	83	83	90
Total	229	249	200

(v) **Number of Subjects Examined**

A total of 1,741 subjects were examined in 2020 examinations. The number of subjects examined increased from 1,516 in 2019 to 1,741 representing a percentage growth of 12.92%. This was due to the revised curricula, which was implemented in various programmes. Refer to Figure 5 and Table 9.

Figure 5: Number of subjects examined

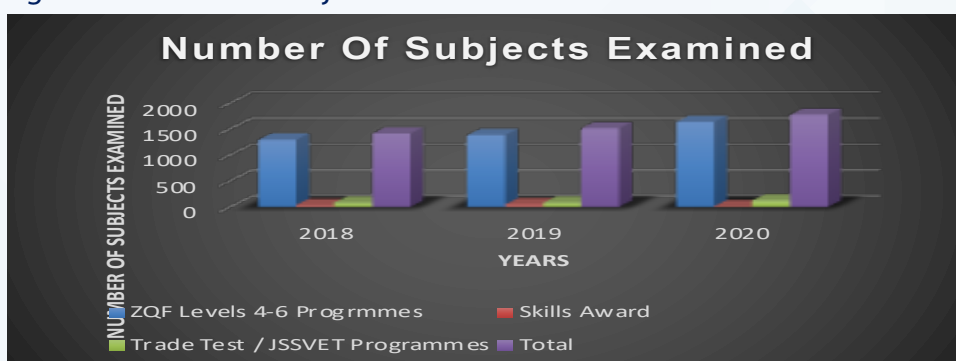


Table 9: Number of subjects examined

	2018	2019	2020
ZQF Levels 4-6 Programmes	1295	1385	1638
Skills Award	37	48	13
Trade Test / SSVET Programmes	83	83	90
Total	1415	1516	1741

(vi) **Overall Performance – ZQF Levels 4-6 Programmes**

From the total of 8,382 candidates who registered to sit for ZQF Levels 4-6 Programmes, 5 051 males and 315 females passed. Those who failed were 597 males and 277 females. One hundred and forty-two (142) candidates were absent. This brought the overall pass rate to **89.39%**. Table 10 indicates this distribution:

Table 10: Overall Performance – Regular Programmes

Registered	Sat	Absent	Male Passed	Female Passed	Male Failed	Female Failed
8382	8240	142	5051	2315	597	277

The pass rates for males and females were 89.42% and 89.31% respectively (Refer to Figure 6 and Figure 7)

Figure 6: Male Performance - Regular Programmes

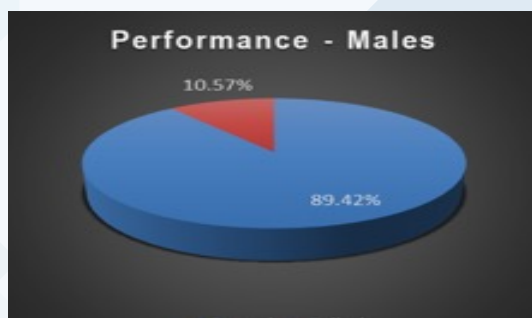
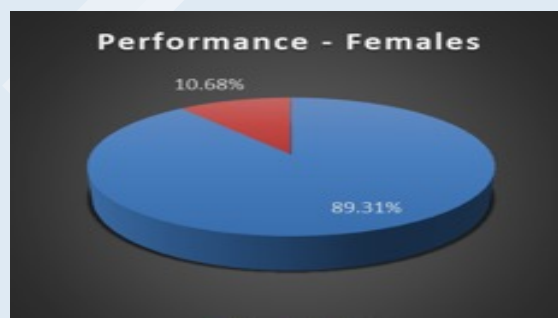


Figure 7: Female Performance - Regular Programmes



(vii) **Overall Performance – Trade Test Programmes**

From a total of 11,804 candidates who registered to sit for Trade Test programmes: 6,089 males passed and 3,883 female passed, whilst 986 males and 454 females failed. Four hundred and thirty-six (436) candidates were absent. This brought the overall pass rate at **87.38%**. Refer to Table 11.

Table 11: Overall Performance – Trade Test Programmes

Registered	Sat	Absent	Male Passed	Female Passed	Male Failed	Female Failed
11,804	11,412	436	6089	3883	986	454

The pass rates for males and females were 86.06% and 89.53% respectively. The pie charts in Figure 8 and 9 show this breakdown:

Figure 8: Male Performance –Trade Test Programmes

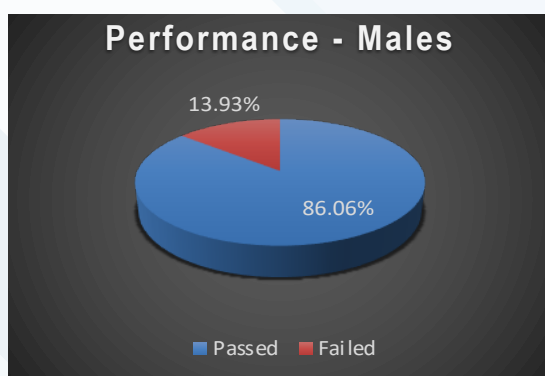
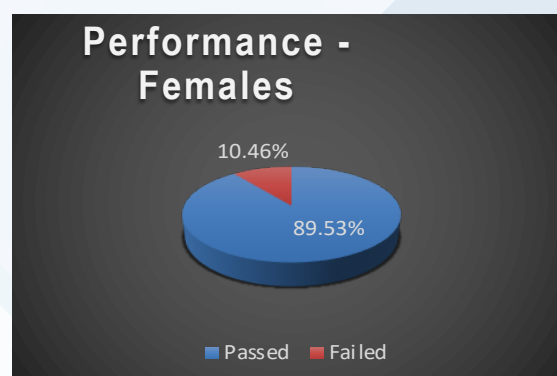


Figure 9: Female Performance –Trade Test Programmes



(viii) **Overall Performance - Skills Award**

A total of 154 candidates registered to sit for the Skills Award programmes. One hundred and twenty-five (125) males and 27 females passed. One (1) male and 1 female failed. This brought the overall pass rate at **98.70%**. Refer to Table 12.

Table 12: Overall Performance –Skills Award Programmes

Registered	Sat	Absent	Male Passed	Female Passed	Male Failed	Female Failed
154	154	0	125	27	1	1

The pass rates for males and females were 99.20% and 96.42% respectively. The pie charts in Figure 10 and 11 show this breakdown:

Figure 10: Male Performance –Skills Award Programmes

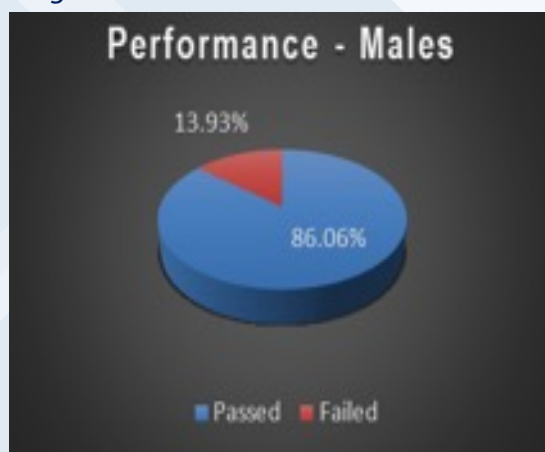
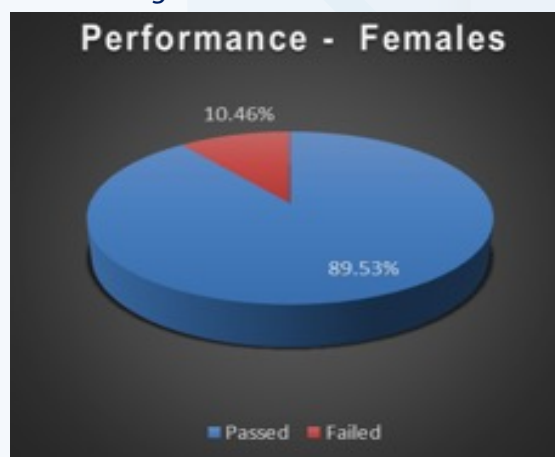


Figure 11: Female Performance –Skills Award Programmes



(ix) **Re-sit Candidates**

The number of Re-sit candidates decreased from 4,133 in 2019 to 2,989 in 2020 representing a 27.67% decrease. The highest number of re-sit candidates was recorded in 2019 which was at 4,133 compared to 2018. Refer to Table 13.

Table 13: Re-sit Candidates

	2018	2019	2020
No. of Re-sit Candidates	3,752	4,133	2,989

(x) **Re-sit Subjects**

The number of subjects that were re-sat increased from 986 in 2019 to 2,386 representing a 58.67% increase. This was attributed to the fact that all the graduating students who had arrears in different subjects had to sit for them in the December 2020 examination session. In addition, the July-August 2020 re-sit candidates registered to sit in this particular session. The lowest re-sit subjects were recorded in 2018 at 812. Refer to Table 13.

Table 14: Re-sit Subjects

	2018	2019	2020
No. of Re-sit Subjects	812	986	2386

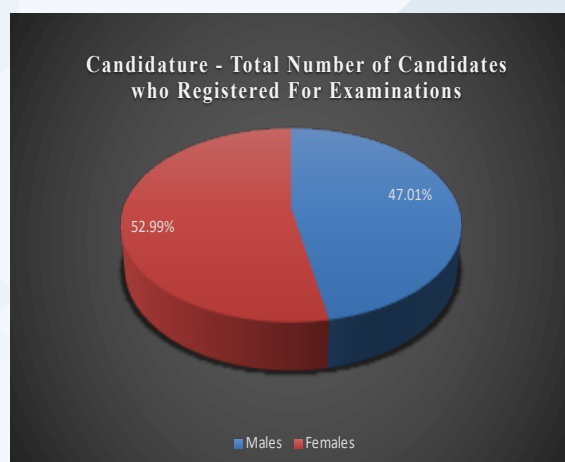
(xi) **Candidature – Secondary School Vocational Education and Training (SSVET)**

A total of 11,924 candidates registered to sit for September – October, 2020 SSVET examinations. From this, 5,605 were males whilst 6319 were females, representing a percentage of 47.01% and 52.99% respectively. Refer to Figure 12.

Table 15: Candidature- SSVET

Registered	Sat	Absent	Male Passed	Female Passed	Male Failed	Female Failed
11,924	11182	742	4482	5297	748	655

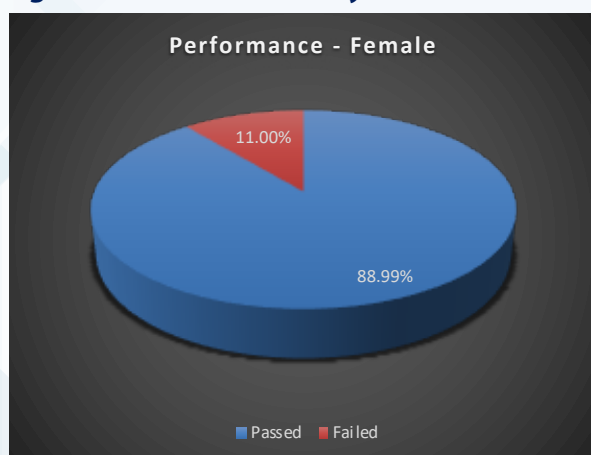
Figure 12: Candidature- total number of candidates who registered for examinations



(xii) **Performance – Secondary School VET**

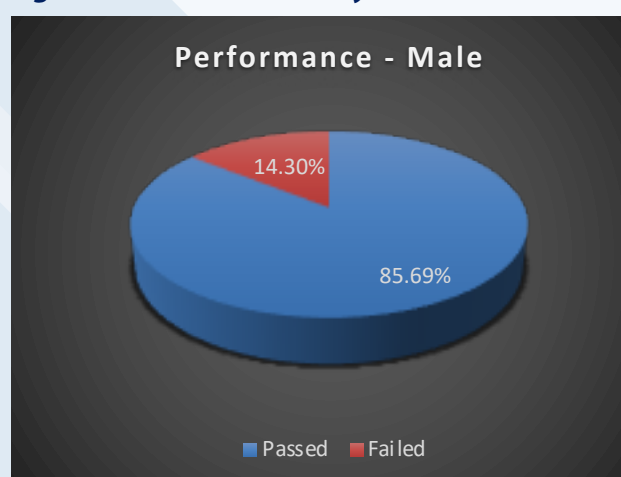
From 5,952 female candidates who sat for examinations, 5,297 passed making the pass rate at 88.99% whilst 655 failed with failure rate at 11.00%. Figure 13 shows this distribution:

Figure 13: Performance by Gender - Females



From 5,230 male candidates who sat for examinations, 4,482 passed making the pass rate at 85.69% whilst 748 failed with failure rate at 14.30%. Figure 14 shows this distribution:

Figure 14: Performance by Gender – Males



The overall pass rate for SSVET assessments for 2020 was at **87.45%**

(xiii) Enhancements

The enhancements made by the Information Technology (IT) Unit on the new database have brought about improvements in the capturing of learner data information. This included enrollment of candidates to various programmes, registration for examinations entry, and capturing of examination results. The speed of the system has improved and the turnaround time in processing the learner data information has also improved compared to the previous platform. The online platform is completely rolled out to all TEVET institutions and there shall be marked improvement in processing the Learner Data.

7.0.4. FINANCE AND ADMINISTRATION DIVISION

The Finance and Administration Division is responsible for the overall management of the financial, human resource and administrative matters of the Authority. The Division is also responsible for the day to day management and operations of the Technical Education, Vocational and Entrepreneurship Training (TEVET) Fund.

(i) Human Resources and Administration Staffing

The total actual number employed as at 31 December 2020, stood at 66 against an authorised establishment of 85. The breakdown by Contract duration is shown in the table below:

Table 16: Total Number of Staff

Contract Duration in months	Total Number of Staff as at 31 December		Directors		Managers		Specialists		Officers		Support Staff	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
60	65	59	5	4	13	13	30	26	11	11	5	5
36	0	1	0	0	0	0	0	1	0	0	0	0
18	0	1	0	1	0	0	0	0	0	0	0	0
24	1	2	0	0	0	0	0	0	0	1	1	1
12	0	1	0	0	0	0	0	0	0	1	0	0
6	1	0	0	0	0	0	1	0	0	0	0	0
≤2	0	3	0	0	0	0	0	0	0	3	0	0
Total	66	66	5	5	13	13	31	27	11	15	6	6

Staff members holding long-term appointments in the professional categories comprised approximately 43%. Women staff accounted for approximately 44% of actual total.

Recruitments

The following recruitments were made during the period.

Table 17: Recruited Staff

Position	Number
Director-Development	1
Procurement Specialist	1
Temporary TEVET Fund Accountant	1
Total	3

Contract Renewals

Seven (7) contracts were renewed during the period

Separations

There was one separation during the period.

(ii) Information Technology

To combat and mitigate the spread of COVID-19, the Authority invested in appropriate technologies and developed online service delivery platforms, which include TEVETA Online Payments Platform, Online Registration and Accreditation System and Digital Learning Platform.

(iii) Technical Education, Vocational and Entrepreneurship Training (TEVET) Fund

Managing the Technical Education, Vocational and Entrepreneurship Training (TEVET) Fund is among the responsibilities of TEVETA. The fund was established under the Technical Education, Vocational and Entrepreneurship Training (TEVET) Act No. 13 of 1998 and the TEVET Amendment

Act No. 11 of 2005. The fund plays an important role in assisting in developing a high quality, sustainable, demand-driven, and equitable TEVET system in the country. The disbursement of the fund is through four windows. Three of the windows (pre-employment, in-service and SME/informal sector training) are towards recurrent financing. The other is the investment and development financing window. SME/informal sector and in-service training are however the windows being funded under TEVET Fund.

The TEVET Fund establishes financing platforms that purchase training services on a competitive basis for skills development in the formal and informal sectors. The fund finances SME/Informal sector and employer-based training. Financing of the SME/Informal sector increases sector players' participation in socio-economic development and enhances their employability and competitiveness. Employer-based training financing seeks to upgrade employees' skills and impart new skills on employees.

The fund provides for continuous improvement to access, quality and relevance of TEVET in relation to the Seventh National Development Plan (7NDP). The 7NDP recognises TEVET as a strategic component in ensuring enhanced human capacity for sustainable national development, increased skilled persons' employability, productivity, and efficiency. It is in response to this goal that the TEVET Fund provided resources to encourage institutions to adequately offer the skills demanded by the labour market in the formal and informal sectors.

Programmes, Objectives and Strategies

The matrix below shows programmes, objectives, and strategies of the 7NDP and TEVET Fund interventions to address national development goals in the 7NDP:

No	Programmes	Objectives	Strategies	TEVET Fund Intervention
1	Enhance access to skills training	Increase access to basic skills education	Provide financing for SME and Informal Sector skills training through training providers	The TEVET Fund provided financing for training of youth SMEs and informal sector in various skills.
2	Enhance private sector participation	Coordinate provision of skills that match skills demanded by industry/labour market	Promote private sector/industry participation in SMEs and informal sector skills development to improve the link between training and labour market requirements.	The TEVET Fund promoted collaboration with industry/private sector in the provision of quality and relevant skills that match industry needs.
3	Enhance income opportunities for poor and marginalized groups, and enhance access to quality, equitable and inclusive education	Increase trainee absorption capacity in TEVET institutions	Promote trainee absorption capacity in TEVET institutions by providing capacity building to institutions on how to access funding	Financing to institutions through the TEVET Fund has led to an increase in the number of institutions accessing funding thus increasing the absorption capacity as more trainees are able to access training
		Enhance inclusive education and broaden access and participation to education by disenfranchised populations in remote areas	Increase skills access in rural areas	The TEVET Fund has been providing financing to training providers including those in rural parts of the country, which has led to reduction in skills inequality in the economy.
		Promote inclusiveness skills acquisition by youths lacking financial capacity	Promote skills acquisition by providing skills to SMEs and the informal sector at a subsidized cost to the trainees.	The TEVET Fund has promoted inclusiveness and has enabled youths, who are unable to pay tuition fees charged in training institutions, to have access to training.
4	Promote entrepreneurship skills training and development	Enhance decent job opportunities in the economy and promoting entrepreneurship skills training	Integrate entrepreneurship into basic skills and TEVET.	Entrepreneurship training has been integrated into the curriculum for all programmes being financed under the TEVET Fund, thereby enhancing SMEs and informal sector training.
5	Enhance role of science, technology, and innovation, and improve production and productivity	Improve quality of products and services and increase innovation	Promote innovation by reskilling and up-skilling of SMEs	Reskilling of SMEs has led to increased productivity and innovation, as entrepreneurs are able to keep abreast with the latest trends in their respective industries.

Performance and progress of programmes financed by the TEVET Fund

TEVET Fund activities were implemented under two (2) operational windows, namely, Employer Based Training (Window 2) and SMEs and Informal Sector Training (window 3).

Employer – Based Training

Training proposal invitations for Employer Based Training were made every quarter in the year under review. A total of 174 contracts to up-skill 2, 320 employees were recommended for award at a cost of K14, 480, 231.80. However, only 111 training contracts were signed to train 1, 684 employees from various companies at a cost of K11, 871, 407.80. Some contracts were not signed for implementation due to COVID-19 related issues, which hindered the employers' ability to raise funds for payments towards the training. Other contracts were cancelled because the employers were unable to contribute their financial obligations towards the training among other reasons.

SMEs and Informal Sector Training

Two hundred and fourteen (214) contracts were signed with 70 TEVET institutions to support training of 4, 435 SMEs and informal sector players. The training was at a cost of K11, 087.500.00. The number of contracts signed reduced from 311 to 214 due to financial

challenges. Nevertheless, the actual number of students trained exceeded the expected number. A total of 5, 165 students were enrolled compared to the target 4, 435 students. Eighty percent (80%) of the institutions registered their students for examinations and were assessed during the December examination diet. The remaining students were examined during the April 2021 examination diet.

SMEs and Informal Sector Training Enrolments per sector

The programmes that were financed were in the sectors that were in line the 7NDP as means of attaining economic diversification due to their high growth potential, comparative and competitive advantages, as well as potential for poverty reduction. The areas that were considered were construction, agriculture, tourism, manufacturing, and mining. Below is the chart presentation of the enrolments per sector:

Sensitisation and Capacity Building Workshops

Physical sensitisation workshops could not be conducted due to the prevailing COVID-19 pandemic. However, virtual workshops will be considered in 2021 in case the COVID-19 situation does not improve for physical sensitisation workshops to be conducted.

Highlights of the achievements under SME/Informal sector Training

Description of Window	Area of intervention	Skills Area	Beneficiaries
Window 3: Training for Micro and small enterprises and informal sector	Skill training		
		Bricklaying and Plastering	684
		Carpentry and Joinery	708
		Design, Cutting and Tailoring	1037
		Automotive Mechanics	216
		Power Electrical	469
		Food Production	554
		Plumbing and Sheet metal work	205
		Automotive Electrical	92
		Metal Fabrication	385
		General Agriculture	510
		General Hospitality	85
		Hairdressing and Cosmetology	53
		Driving	40
		Motor Vehicle Servicing	22
		Fish Farming	47
		Auto body Repair	20
		TIG & MIG Welding	20
		Refrigeration	18
		Total	5165

Section B – Financial Report

The following is a summary of the disbursements made by the TEVET Fund for the period from 1st January 2020 to 31st December 2020.

Summary of 2019 Carried Forward Planned Disbursements for Window 2

S/n	Month	Funding Window	Contract Values	Actual Disbursements	Variance	Comment
1.	Contracts Signed in July 2019	Employer Based Training	2,057,064.51	409,234.75	1,647,829.76	Retention fees. Contractual obligations to be paid on submission of the contracts terminal reports
		TOTAL	2,057,064.51	409,234.75	1,647,829.76	

Summary of 2020 Disbursements for Window 2

S/n	Month	Funding Window	Contract Values	Actual Disbursements	Variance	Comment
1.	Contracts Signed in January 2020	Employer Based Training	222,328.00	21,577.50	200,750.50	Retention fees. Contractual obligations to be paid on submission of the contracts terminal reports
2.	Contracts Signed in March 2020	Employer Based Training	5,085,388.05	39,687.50	5,045,700.55	Retention fees. Contractual obligations to be paid on submission of the contracts terminal reports
3.	Contracts Signed in April 2020	Employer Based Training	353,950.00	Nil	353,950.00	Retention fees. Contractual obligations to be paid on submission of the contracts terminal reports.
4.	Contracts Signed in August 2020	Employer Based Training	4,392,090.00	64,050.00	4,328,040.00	Retention fees. Contractual obligations to be paid on submission of the contracts terminal reports.
5.	Contracts Signed in September 2020	Employer Based Training	321,000.00	Nil	321,000.00	Retention fees. Contractual obligations to be paid on submission of the contracts terminal reports
		TOTAL	10,374,756.05	123,315.00	10,249,441.05	

Summary of 2019 Carried Forward Planned Disbursements for Window 3

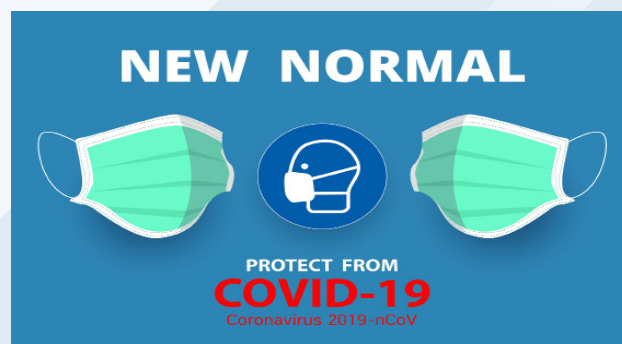
S/n	Month	Funding Window	Contract Values	Actual Disbursements	Variance	Comment
1.	Contracts Signed in Jan 2017	SME/ Informal Sector training Window 3	146,245.50	146,245.50	Nil	Retention fees. Contractual obligations paid in full on submission of the contracts terminal reports and accepted by TEVETA.
2.	Contracts Signed in Jan 2018	SME/ Informal Sector training Window 3	306,086.00	306,086.00	Nil	Retention fees. Contractual obligations paid in full on submission of the contracts terminal reports and accepted by TEVETA.
3.	Contracts Signed in Oct 2018	SME/ Informal Sector training Window 3	999,493.03	993,202.96	6,290.07	Retention fees. Contractual obligations to be paid on submission of the contracts terminal reports and accepted by TEVETA
		TOTAL	1,451,824.53	1,445,534.46	6,290.07	

Summary of 2020 Planned Disbursements for Window 3

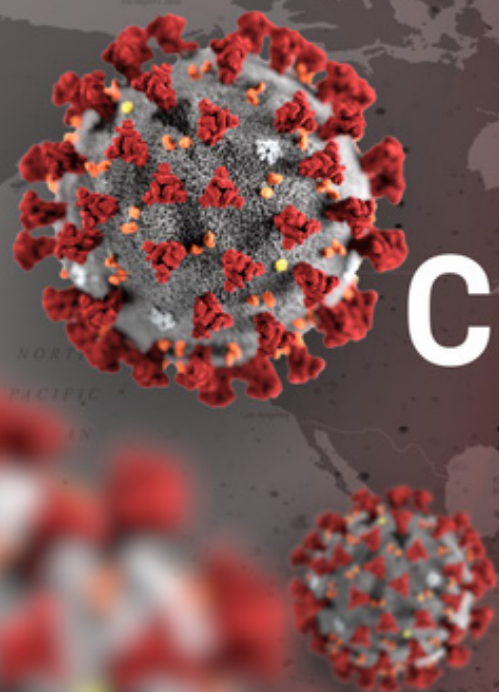
S/n	Month	Funding Window	Contract Values	Actual Disbursements	Variance	Comment
1.	Contracts Signed in Oct 2020	SME/ Informal Sector training Window 3	11,087,500.00	8,201,406.88	2,886,093.12	Retention fees. Contractual obligations to be paid on submission of the contracts terminal reports and accepted by TEVETA
		TOTAL	11,087,500.00	8,201,406.88	2,886,093.12	

8.0 CONCLUSION

The COVID-19 pandemic was the main challenge in meeting set targets set out in the Plan and Budget (AW&B) in 2020. It disrupted the academic calendar, resulting into postponement of April/May examinations and non-implementation of some Employer Based In-Service Training contracts under the TEVET Fund as some could not meet their financial obligation towards the training, among other challenges. The Authority also faced financial constraints in meeting the AW&B coupled with an increase in the number of illegal institutions as a consequence of not inspecting institutions on a regular basis. Most of the inspected training institutions were in Grade 3, which has an



implication on output of TEVET in the country and ultimate the performance of the economy. In addition, reviewing curricula could not be done as planned due to limited resources and COVID-19 disruptions to processes. More resources should be invested in quality assurance, curriculum review and continuous professional development (CPD) to ensure quality and relevant TEVET provision in order to achieve the aspirations of the 7NDP.



CORONAVIRUS OUTBREAK (COVID-19)

Disrupted the Academic Calendar

9.0 OUTLOOK FOR 2021

Enhancing TEVET management information system (MIS) will be the priority in 2021 to improve online service provision and reduce the cost of doing business. The TEVET management information system integration will continue to be improved upon. The development of an examination question bank, certification systems and payment gateway will continue being areas of focus in the year. The question bank system will enhance security and efficiencies in TEVET assessment. The development of online payment gateway system will be completed and rolled-out in the year to enhance financial accountability.

The Authority will further support training institutions' capacity to provide teaching and learning through

appropriate digital platforms utilising the e-learning platform developed in 2020 in collaboration with the German International Development Cooperation Agency (GiZ). The e-learning platform will provide access to teaching and learning materials to registered students remotely and therefore promote distance learning.

The Authority will also focus on assisting the institutions to implement robust internal quality assurance systems and put in place capacity building programmes in the sector for the trainers in entrepreneurship. These interventions are aimed at improved delivery of quality training in the TEVET sector.





TECHNICAL EDUCATION, VOCATIONAL AND ENTREPRENEURSHIP TRAINING AUTHORITY (TEVETA)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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BOARD MEMBERS' REPORT

The Board Members submit their report together with the audited Financial Statements for the year ended 31 December 2020, which disclose the state of affairs of the Authority.

PRINCIPAL ACTIVITIES

The principal activities of the Authority are to regulate, co-ordinate and monitor technical education, vocational and entrepreneurship training in consultation with the industry, employers, employees and others stakeholders

RESULTS

The deficit for the year of ZMW 5.7 million (2019: ZMW 3.2 million) has been deducted from accumulated reserves.

BOARD MEMBERS

There was no Board during the year under review. However, the responsibilities of the Board were carried out by the office of the Permanent Secretary of the Ministry of Higher Education.

MANAGEMENT TEAM

The Management Team who served office during the year were:

Mr. Cleophas S. Takaiza	-	Director General
Dr. Phillip Mubanga	-	Director of Finance and Administration
Mrs. Phyllis L. C. Kasonkomona	-	Director Development
Mr. Ocean Matimba	-	Director Assessments and Certifications
Mrs. Rudo M Banda	-	Director Training Standards

BOARD MEMBERS' REMUNERATION

Remuneration paid to directors during the year amounted nil (2019: Nil)

NUMBER OF EMPLOYEES AND REMUNERATION

The total number of employees was 66 (2019:68) and remuneration of employees during the year amounted to ZMW15 million (2019: ZMW14 million).

The Authority has policies and procedures to safeguard the occupational health, safety, and Welfare of its employees.

GIFTS AND DONATIONS

During the year the Authority did not make any donations to charitable organisations and events.

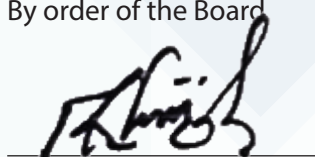
PROPERTY, PLANT AND EQUIPMENT

The Authority purchased property, plant and equipment worth ZMW0.729 million during the year (2019: ZMW 0.265 million). In the opinion of the directors, the carrying value of property, plant and equipment is not less than their recoverable value.

Auditor

The auditors, Mark Daniels, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the Board meeting.

By order of the Board



SECRETARY

Date 27th May, 2021

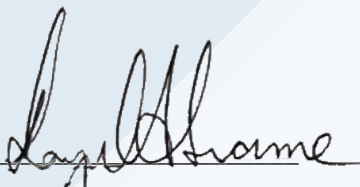
TECHNICAL EDUCATION, VOCATIONAL AND ENTREPRENEURSHIP TRAINING AUTHORITY (TEVETA)

Statement of Board Members' Responsibilities For the year ended 31 December 2020

The law requires the Board Members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of its surplus or deficit. It also requires the Board Members to ensure that the Authority keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

The Board Members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the law. The Board members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its surplus or deficit in accordance with International Financial Reporting Standards. The Board Members further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the Board Members to indicate that the Authority will not remain a going concern for at least twelve months from the date of this statement.


Chairman
Board Secretary

27th May, 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TEVETA MANAGEMENT BOARD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the **Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA)** which comprise the Statement of Financial position as at 31st December 2020, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the Financial Statements give a true and fair view of the financial position of the **Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA)** as at 31st December 2020 and of its financial performance and cash flows for the year ended and have been properly prepared in accordance with the International Financial Reporting Standards

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Directors and Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Directors and Management and Those Charged with Governance for the Financial Statements

Directors and Management are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or have no realistic alternative but to do so. Those charged with Governance are responsible for overseeing the Authority's reporting process.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TEVETA MANAGEMENT BOARD

Auditor's Responsibility for the Audit of the Financial Statements

Our Objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the Authority's audit. We remain solely responsible for our audit opinion.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TEVETA MANAGEMENT BOARD (Cont'd)

Report on other Legal and Regulatory Requirements

In our opinion, the Financial Statements of the **Technical Education, Vocational and Entrepreneurship Training Authority** as of 31 December 2020 have been properly prepared in accordance with the Technical Education, Vocational and Entrepreneurship Training (TEVETA) Act No 13 of 1998 and TEVETA (amendment) Act No 11 of 2005 and Public Finance Act No 1 of 2018 and other registers have been properly kept in accordance with the Act.

Mark Daniels

Chartered Accountants

10/06'

2021 Lusaka

WKKK Kasongo

Winston Kasongo AUD/F003127

Partner signing on behalf of the firm

Statement of Comprehensive Income

	Notes	2020 ZMW	2019 ZMW
Revenue	6	152,062,202	289,379,362
Expenditure			
Direct Expenses		(127,627,677)	(257,426,882)
Administration Expenses		(30,092,724)	(35,120,822)
Deficit for the year		(5,658,199)	(3,168,342)

There were no items of other comprehensive income

Statement of Financial Position

	Notes	31 December 2020 ZMW	31 December 2019 ZMW
Non-Current Assets			
Property, Plant and Equipment	8	46,384,571	47,860,561
Intangible Assets	9	-	15,958
		46,384,571	47,876,519
Current assets			
Inventories	10	893,630	732,764
Receivables	11	95,773,061	140,308,696
Cash and Cash Equivalents	12	10,900,988	10,289,329
		107,567,679	151,330,789
Total assets		153,952,250	199,207,308
Equity			
Capital Grant		42,914,457	42,914,457
Reserves		47,173,331	52,831,329
		90,087,788	95,745,786
Non-current Liabilities			
Deferred Income	13	1,086,365	668,300
		1,086,365	668,300
Current Liabilities			
Bank overdraft		-	-
Trade and other payables	14	62,778,097	102,793,222
		62,778,097	102,793,222
Total Liabilities		63,864,462	103,461,522
Total Equity and liabilities		153,952,250	199,207,308

The financial statements on pages 7 to 27 were approved for issue by the board of directors on 27th May, 2021 and signed on its behalf by:


Chairman


Board Secretary

Statement of Changes in Equity

	Capital grant ZMW	Accumulated funds ZMW	Total ZMW
Year ended 31st December 2019			
Balance on 1st January 2019	42,914,457	55,999,671	98,914,128
Comprehensive income			
Deficit for the year	-	(3,168,342)	(3,168,342)
At 31st December 2019	<u>42,914,457</u>	<u>52,831,329</u>	<u>95,745,786</u>
Year ended 31st December 2020			
Prior year adjustment	42,914,457	52,831,329	95,745,786
Restated balance		201	201
Balance on 1st January 2020	<u>42,914,457</u>	<u>52,831,530</u>	<u>95,745,987</u>
Comprehensive income			
Deficit for the year		(5,658,199)	(5,658,199)
At 31st December 2020	<u>42,914,457</u>	<u>47,173,331</u>	<u>90,087,788</u>

Statement of Cash Flows

	Year ended 31 December	
	2020	2019
	ZMW	ZMW
Cash flow from operating activities		
Deficit of Income over Expenditure	(5,658,199)	(3,168,342)
Adjustment for Non-Cash items		
Prior year adjustment	201	-
Interest income	(323,118)	(96,744)
Depreciation	2,205,276	2,396,631
Amortisation of intangible assets	15,958	23,630
Changes in Working Capital		
Increase in Inventories	(160,866)	(128,602)
Increase in Receivables	44,535,635	(127,649,140)
Increase in other Payables	(40,015,125)	90,179,777
Net cash generated from/(used on) operating activities	<u>599,762</u>	<u>(38,442,790)</u>
Cashflow from investing activities		
Interest Income	323,118	96,744
Purchase of property, Plant and Machinery	(729,286)	(264,704)
Net cash outflows on investing activities	<u>(406,168)</u>	<u>(167,960)</u>
Cashflow from financing activities		
Increase in deferred income	<u>418,065</u>	<u>-</u>
Net Cash Inflows from financing activities	<u>418,065</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents	<u>611,659</u>	<u>(38,610,750)</u>
Movement in cash and cash equivalents		
Cash and cash Equivalents at the beginning of the year	10,289,329	48,900,079
Increase/(decrease) during the year	<u>611,659</u>	<u>(38,610,750)</u>
Cash and Cash Equivalents at the end of the year	<u>12 10,900,988</u>	<u>10,289,329</u>

Notes

1 General information

The Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) was established under the Technical Education Entrepreneurship Training (TEVET) Act No 13 of 1998, as amended by the Technical Education, Vocational and Entrepreneurship Training (Amendment) Act No 11 of 2005.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards and amendments - applicable 1 January 2020

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2020

Title	Key requirements	Effective date*
<i>Definition of Material – Amendments to IAS 1 and IAS 8</i>	<p>The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.</p> <p>In particular, the amendments clarify:</p> <p>that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and then an entity assesses materiality in the context of the financial statements as a whole, and the meaning of 'primary users of general-purpose financial statements to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors that must rely on general purpose financial statements for much of the financial information they need.</p>	1 January 2020
<i>Definition of a Business – Amendments to IFRS 3</i>	<p>The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.</p>	1 January 2020

Notes (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards and amendments - applicable 1 January 2020

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2020

Title	Key requirements	Effective date*
<i>Interest Rate Benchmark Reform – Amendments to IFRS7, IFRS 9 and IAS 39</i>	<p><i>The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement</i> interest rate benchmark reforms.</p> <p>The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate.</p> <p>However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.</p>	1 January 2020
<i>Revised Conceptual Framework for Financial Reporting</i>	<p>The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> increasing the prominence of stewardship in the objective of financial reporting <input type="checkbox"/> reinstating prudence as a component of neutrality <input type="checkbox"/> defining a reporting entity, which may be a legal entity, or a portion of an entity <input type="checkbox"/> revising the definitions of an asset and a liability <input type="checkbox"/> removing the probability threshold for recognition and adding guidance on derecognition <input type="checkbox"/> adding guidance on different measurement basis, and <input type="checkbox"/> stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. <p>No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.</p>	1 January 2020

Notes (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs)

(b) Forthcoming requirements

As at 31 May 2020, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2020.

Title	Key requirements	Effective date*
<i>IFRS 17 Insurance Contracts</i>	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> ◆ discounted probability-weighted cash flows ◆ an explicit risk adjustment, and ◆ a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p>	1 January 2021, but extended to 1 January 2023 by the IASB in March 2020

Notes (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs)

(b) Forthcoming requirements (continued)

As at 31 May 2020, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2020.

Title	Key requirements	Effective date*
<i>Covid-19-related Rent Concessions-Amendments to IFRS 16</i>	<p>As a result of the COVID-19 pandemic, rent concessions have been granted to lessees granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.</p> <p>Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.</p>	1 June 2020
<i>Classification of Liabilities as Current or Non-Current-Amendments to IAS 1</i>	<p>The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.</p> <p>They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.</p>	1 January 2022 (possibly deferred to 1 January 2023)

Notes (continued)

<i>Property, plant and Equipment: Proceeds before intended use – Amendments to IAS 16</i>	<p>The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.</p> <p>Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.</p>	1 January 2022
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2. Application of new and revised International Financial Reporting Standards (IFRSs)

(b) Forthcoming requirements

As at 31 May 2020, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2020.

Title	Key requirements	Effective date*
<i>Reference to the Conceptual Framework – Amendments to IFRS 3</i>	<p>Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and</p> <p>contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be amendments also confirm that contingent assets should not be recognised at the acquisition date</p>	1 January 2022
<i>Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37</i>	<p>The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.</p>	1 January 2022

Notes (continued)

<p><i>Annual Improvements to IFRS Standards 2018-2020</i></p>	<p>The following improvements were finalised in May 2020:</p> <ul style="list-style-type: none"> ◆ IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. ◆ IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. ◆ IFRS 1 First-time Adoption of International Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. ◆ IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. 	<p>1 January 2022</p>
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Notes (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs)

(b) Forthcoming requirements

As at 31 May 2020, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2020.

Title	Key requirements	Effective date*
<i>Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28</i>	<p>The IASB has made limited scope amendments to IFRS 10 <i>Consolidated financial statements</i> and IAS 28 <i>Investments in associates and joint ventures</i>.</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitutes a 'business' (as defined in IFRS 3 <i>Business Combinations</i>).</p> <p>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply**</p> <p>In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.</p>	n/a**

Notes (continued)

3 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Zambian Kwacha (ZMW).

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Revenue recognition

The Authority recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the TEVETA and when specific criteria have been met for each of the Authority's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. TEVETA bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rendering of services

Services rendered are recognised when the service provided is complete as the outcome of the transaction can be estimated reliably and it is not probable that the costs incurred will be recovered.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

(c) Functional currency and translation of foreign currencies

Transactions are recorded on initial recognition in Zambia Kwacha, being the currency of the primary economic environment in which the Authority operates (the functional currency). Transactions in foreign currencies are converted into Zambia Kwacha using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income and expenditure account within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income and expenditure account within 'other (losses)/gains – net'.

Notes (continued)

3 Summary of significant accounting policies (continued)

(d) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at market value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income and expenditure account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the income and expenditure account. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts less their residual values over their estimated useful lives, as follows:

Land and buildings	2%
Computer equipment	25%
Motor vehicles	25%
Furniture and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are considered in determining profit. On disposal of revalued assets, amounts in the revaluation surplus account relating to that asset are transferred to retained earnings.

Notes (continued)

3 Summary of significant accounting policies

(e) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income and expenditure account.

(f) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(g) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income and expenditure account over the period of the borrowings.

Borrowings are classified as current liabilities unless TEVETA has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(i) Employee benefits

(i) Retirement benefit obligations

The Authority operates a defined contribution retirement benefit scheme for all employees. The Authority and all its employees contribute to the National Pension Scheme Fund, which is a defined contribution scheme. The Authority pays Gratuity to its employees at the end of every employee's contract.

The Authority's contributions to the defined contribution schemes are charged to the income and expenditure account in the year in which they fall due.

(ii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Receivables

Critical estimates are made by the board in determining the recoverable amount of impaired receivables.

(ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Authority's accounting policies, management has made judgements in determining:

- the classification of financial assets
- whether assets are impaired.

5 Financial risk management objectives and policies

The Authority's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Authority does not hedge any risks.

(i) Fair Value Risk

Fair value is the amount at which assets and liabilities can be exchanged in a current transaction between willing parties, other than in a forced liquidation, and is best evidenced by a quoted market price, where one exists.

The estimated fair values of assets and liabilities have been determined by the Authority using available market information and appropriate valuation methodologies. However, judgement is required to interpret market data to estimate fair values. Accordingly, the estimates are not necessarily indicative of the amounts the Authority could realise in a current market exchange. The carrying amounts of the assets and liabilities approximate their fair values.

ii) Credit Risk

The exposure to credit risk is monitored on an on-going basis. Reputable financial Institutions are used for investing and cash handling purposes.

Investments are allowed only in liquid securities and management does not expect to fail to meet its obligations.

5 Financial risk management objectives and policies (continued)

(iii) Operational Risk

Certain policies, procedures and limits are properly documented in each department within the Authority and updated occasionally to take account of the changes to internal controls, procedures and limits. Management endeavours to continuously update policies and procedures.

(iv) Strategic Risk

The Authority's strategic plan is comprehensive in all aspects with particular emphasis on compliance with legal and market conditions and senior management effectively communicates the plan to all staff levels and allocates resources in line with the laid down objectives.

(v) Interest Risk

The Authority is exposed to interest rate risk to the extent of the balance of any loans and bank overdrafts taken and outstanding.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Authority's liquidity reserve on the basis of expected cash flow.

Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide returns for stakeholders.

Notes (continued)

6 Revenue

	2020 ZMW	2019 ZMW
Accreditation Fees	1,719,533	1,497,900
Bank Interest	323,118	96,744
Examination Fees	7,252,230	15,649,940
GRZ Grants - Examinations	999	3,800,000
GRZ Grants – Operations	8,364,614	8,364,639
TEVET Fund Grant - GRZ	99,999	1,349,997
Other Income	1,674,719	6,595,556
Registration Fees	420,083	330,650
SDF/TEVET	132,205,507	121,111,999
Skills Development Levy Receivable	-	130,144,688
CEEC Grants	-	270,584
Sale of manuals	1,400	-
TEVET Bursary - GRZ	-	166,665
	152,062,202	289,379,362

7 Expenses by nature

The following items have been charged in arriving at the deficit for the year.

Amortisation of intangible assets	15,958	23,630
Depreciation on property, plant and equipment	2,205,276	2,396,631

Notes (continued)

At 1 January 2019

Cost	321,106	8,290,951	3,092,959	1,078,096	1,978,718	42,769,678	57,531,508
Accumulated depreciation	(43,619)	(3,844,702)	(1,793,240)	(855,623)	(1,001,836)	-	(7,539,020)
Net book value	277,487	4,446,249	1,299,719	222,473	976,882	42,769,678	49,992,488

Year ending 31 December 2019

Opening net book value	277,487	4,446,249	1,299,719	222,473	976,882	42,769,678	49,992,488
Additions	-	96,441	57,230	24,905	86,128	-	264,704
Depreciation	(6,422)	(1,536,316)	(435,609)	(79,475)	(338,809)	-	(2,396,631)
Closing net book value	271,065	3,006,374	921,340	167,903	724,201	42,769,678	47,860,561

At 31 December 2019

Cost	321,106	8,387,392	3,150,189	1,103,001	2,064,846	42,769,678	57,796,212
Accumulated depreciation	(50,041)	(5,381,018)	(2,228,849)	(935,098)	(1,340,645)	-	(9,935,651)
At 31 December 2019	271,065	3,006,374	921,340	167,903	724,201	42,769,678	47,860,561

8. Property, Plant and Equipment

Year ending 31 December 2020

Opening net book value	271,065	3,006,374	921,340	167,903	724,201	42,769,678	47,860,561
Additions			71,250	92,111	565,925	-	729,286
Depreciation	(6,422)	(1,325,074)	(427,244)	(71,241)	(375,296)	-	(2,205,276)
Closing net book value	264,642	1,681,299	565,347	188,774	914,830	42,769,678	46,384,571

At 31 December 2020

Cost	321,106	8,387,391	3,221,439	1,195,113	2,630,771	42,769,678	58,525,498
Accumulated depreciation	(56,464)	(6,706,092)	(2,656,092)	(1,006,339)	(1,715,941)	-	(12,140,927)
At 31st December 2020	264,642	1,681,299	565,347	188,774	914,830	42,769,678	46,384,571

Notes (continued)

	2020 ZMW	2019 ZMW
9 Intangible assets		
At start of the year	15,958	39,588
Amortisation	(15,958)	(23,630)
At end of the year	-	15,958

The intangible asset represents the cost of software that is amortised over the useful life of the asset.

	2020 ZMW	2019 ZMW
10 Inventory		
Consumables	893,630	732,764
11 Trade and other receivables		
Trade debtors	4,797,360	8,504,934
Revenue Grant Receivable	13,060,095	4,786,621
Skills Development Levy Receivable	90,031,138	134,931,309
Staff and other debtors	944,563	1,659,074
Provision for doubtful debts	(13,060,095)	(4,786,621)
	95,773,061	140,308,696

The Revenue Grant Receivable represents amounts of approved Grants that were not remitted to TEVETA by MoF. As time passes without them being remitted it reduces the possibility of Grants being received, hence the provision of the same amounts as Doubtful Debts in full.

12 Cash and cash equivalents

Cash at bank and on hand	10,900,988	10,289,329
	10,900,988	10,289,329

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:

Cash and bank balances as above	10,900,988	10,289,329
Bank overdraft	-	-
	10,900,988	10,289,329

Notes (continued)

	2020 ZMW	2019 ZMW
13 Deferred Income		
Deferred income	<u>1,086,365</u>	<u>668,300</u>
	<u>1,086,365</u>	<u>668,300</u>

The deferred income relates to the two thirds of the Institutional Registration Fees and Accreditation Fees for Trainers, Assessors and Examiners which will be amortised equally in the subsequent two years.

14 Trade and other payables		
Trade payables	<u>50,286,846</u>	<u>96,277,045</u>
Employees related accruals	<u>12,491,250</u>	<u>6,516,177</u>
	<u>62,778,096</u>	<u>102,793,222</u>

The carrying amounts of the above payables and accrued expenses approximate to their fair values

15 Related party transactions

The following transactions were carried out with related parties:

(i) GRZ

The Authority should have received grants from the Government of ZMW 8,364,636 for Operations during the year under review. However, the Authority only received ZMW 6,273,455. The balance of ZMW 2,091,160 was not received and has been provided as a bad debt.

(ii) Key management compensation

Salaries and other short-term employment benefits	<u>4,790,463</u>	<u>4,871,748</u>
	<u>4,790,463</u>	<u>4,871,748</u>

(iii) Directors' remuneration

Fees for services as a director	-	-
Salary and other benefits (included in(ii) above)	<u>3,530,752</u>	<u>2,089,596</u>
	<u>3,530,752</u>	<u>2,089,596</u>

Notes (continued)

16. Contingent liabilities

There were no contingent liabilities as at the balance sheet date amounting to 7

17. Capital commitments

Capital expenditure contracted at the end of the reporting period but not yet incurred: **1,498,000** -

18. Events subsequent to balance sheet date

There has not arisen since the end of the Financial Year any item, transactions or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect substantially the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

19. Comparative figures

Comparative figures are restated where necessary to afford a reasonable comparison.

Detailed Operating Statement

	2020	2019
	ZMW	ZMW
Revenue	152,062,202	289,379,362
Direct Expenses		
Conduct and Administer Exams	6,989,383	4,928,645
Develop and Promote Synergies	-	203,543
Develop and Revision of Occupation Profile	1,447,747	535,362
Human Resource Development Plan	480,607	1,207,026
Improve Operational Efficiency of TEVETA	398,045	235,953
Improve Trade Testing Systems	3,258	3,568,290
TEVET Fund / SDF operations	116,772,675	245,751,928
Promote and Implement IEC Strategy	903,967	668,968
TEVET Institutions Registered	496,026	216,295
Implement TQF to Improve TAQS	32,439	110,872
Total Direct Expenditure	127,524,147	257,426,882

TEVETA Comprehensive Income and Expenditure without SDF/TEVET Fund

		2020 ZMW	2019 ZMW
Revenue	Appendix iii	32,314,923	41,061,205
Expenditure			
Direct Expenses	Appendix iii	(10,865,042)	(11,849,272)
Administration Expenses	Appendix iii	(30,125,069)	(35,056,685)
Deficit for the year		(8,675,188)	(5,844,752)

SDF/TEVET Fund Comprehensive Income and Expenditure

		2020 ZMW	2019 ZMW
Revenue	Appendix vi	158,997,279	257,884,455
Expenditure	Appendix vi	(156,085,682)	(255,208,045)
Surplus for the year		2,911,597	2,676,410

TEVETA Detailed Income and Expenditure without SDF/TEVET Fund

Appendix iii

	2020 ZMW	2019 ZMW
Income		
Accreditation Fees	1,719,533	1,497,900
Bank Interest	15,741	18,399
Examination Fees	7,252,230	15,649,940
GRZ Grant – Examinations	999	3,800,000
GRZ Grant – Operations	8,364,614	8,364,639
Other Income	291,721	1,562,795
Registration Fees	420,083	330,650
Skills Development Fund Support	14,250,000	9,566,298
CEEC Grants	-	270,584
	32,314,923	41,061,205
Direct Expenses		
Conduct and Administer Exams	6,989,383	4,928,645
Develop and Promote Synergies	-	203,543
Develop and Revision of Occupation Profile	1,447,747	535,362
Human Resource Development Plan	480,607	1,207,026
Improve Operational Efficiency of TEVETA	501,574	235,953
Improve Trade Testing Systems	3,258	3,568,290
TEVET Fund operations	10,040	174,319
Promote and Implement IEC Strategy	903,967	668,968
TEVET Institutions Registered	496,026	216,295
Implement TQF to Improve TAQS	32,439	110,872
Total Direct Expenditure	10,865,042	11,849,272

TEVETA Detailed Income and Expenditure without SDF/TEVET cont'd

	2020 ZMW	2019 ZMW
Administrative Expenses		
Audit fees	103,530	103,530
Bad Debts Written Off	-	3,901,881
Bank Charges	84,135	54,649
Cleaning Expenses	99,937	77,397
Depreciation	2,221,234	2,420,261
Electricity	85,320	85,568
General Expenses	420,005	1,125,423
Group Life Assurance	106,030	109,043
Insurance and Licenses	134,078	91,425
Internet Charges	299,347	139,409
Leave and Gratuity	5,901,468	4,879,646
Medical Expenses	1,253,258	729,229
Motor Vehicles	849,402	1,084,787
Office Expenses	71,684	59,623
Other Expenses	17,334	7,427
Personal Emoluments	15,079,787	13,806,085
Postage	14,311	26,650
Printing Expenses	-	2,100
Provision for doubtful debts	2,091,160	4,786,621
Repairs and Maintenance - General	63,482	33,743
Repairs and Maintenance - Office Equipment	135,388	79,661
Security	110,246	101,059
Settling Allowance	20,073	1,808
Staff Relocation Costs	57,690	8,208
Stationery and Consumables	726,635	1,089,188
Subscriptions	2,350	
Telephone	175,323	252,264
	<u>30,123,207</u>	<u>35,056,685</u>
Total Expenditure	40,988,248	46,905,958
Deficit for the year	(8,673,326)	(5,844,752)

The provision for doubtful debt of K 2,091,160 relates to the unremitted operations grants for 2020.

TEVETA Expenditure without SDF per Division

Appendix iv

	2020 ZMW	2019 ZMW
Direct Expenses		
Training Standards Division Activities	4,450,952	3,609,726
Curriculum Development Division Activities	5,377,331	3,867,899
Assessment and Certification Division Activities	13,884,701	15,157,558
TEVETA Fund		-
	23,712,984	
Total Direct Expenses		22,635,182
Finance and Administration Expenses	17,275,266	24,270,775

SKILLS DEVELOPMENT FUND RECIPITS AND PAYMENTS

Appendix v

	2020 ZMW	2019 ZMW
Receipts		
Opening Balance 01/01/2019	1,713,415	32,141,766
Skills Development Fund Funding during the year	172,319,057	131,329,984
Other income	300,119	-
Bank interest	109,941	-
Total Amount of Income	174,442,532	163,471,750
Payments		
Direct Expenses		
Capacity Building		7,134,552
Curriculum and Systems Development		-
Employer Based Training	6,552,226	2,600,000
Equipment Purchase for Institutions	87,228,013	61,611,708
Informal Sector/ SME Training	7,564,600	-
Infrastructure Development	18,269,927	34,087,662
Pre-Employment Window	32,689,181	43,933,714
SDF Asset Purchase		-
System Development	19,887,351	4,147,705
Disbursements to TEVETA		-
Total Direct Expenses	172,191,298	153,515,341
Administrative Expenses		
Monitoring and Evaluation	573,082	1,733,444
Operational Costs	801,422	6,509,550
	1,374,504	8,242,994
Total Expenses	173,565,802	161,758,336
Closing Balance as at 31 December 2020	876,730	1,713,414

All the allocated amount of ZMW 172,319,057 for skills development fund for 2020 approved by Parliament was received.

All the allocated amount and approved by Parliament for TEVET fund for 2020 of ZMW 99,999 was received.

TEVET Fund / SDF analysis

Appendix vi

	SDF	TEVET	Total
i INCOME			
GRZ Grant - TEVET Bursary	-	-	-
GRZ Grant - TEVET Fund	-	99,999	99,999
Skills Development Levy	132,205,507	25,000,000	157,205,507
Other Income	410,059	1,281,714	1,691,773
	<u>132,615,566</u>	<u>26,381,713</u>	<u>158,997,279</u>
ii DISBURSEMENTS			
Employer Based Training	18,452,226	10,327,794	28,780,020
Investment & Development	38,893,073	-	38,893,073
Informal Sector/SME training	32,689,181	11,171,500	43,860,681
Pre-Employment Window	10,000,000	-	10,000,000
	<u>100,034,480</u>	<u>21,499,294</u>	<u>121,533,774</u>
iii ADMINISTRATIVE EXPENSES			
Operational Expenses	1,447,829	1,939,305	3,387,134
Bank Charges	41,530	31,517	73,047
Exchange loss	31,091,727	-	31,091,727
	<u>32,581,086</u>	<u>1,970,822</u>	<u>34,551,908</u>
Total expenses	<u>132,615,566</u>	<u>23,470,116</u>	<u>156,085,682</u>
Surplus	-	2,911,597	2,911,597
	<u> </u>	<u> </u>	<u> </u>

The Skills Development Levy includes a recognition of a grant receivable of ZMW 90,031,138 which is yet to be remitted by Government.

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VISION

A dynamic, credible and reliable regulator for technical education, vocational and entrepreneurship training

MISSION STATEMENT

To regulate, monitor and coordinate Technical Education, Vocational and Entrepreneurship Training to ensure sustainable supply of quality skilled labour force

VALUES

Core Values TEVETA upholds:	Integrity	We are honest and ethical in the execution of our duties
	Innovation	We are creative and embrace new ideas for effective service delivery
	Accountability	We are responsible for all our actions and transparent in the execution of our duties
	Equality	We treat all our clients fairly in the execution of our regulatory role
	Teamwork	We value collaboration with stakeholders for the achievement of the common goal