FINANCING TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING IN LESOTHO AND UGANDA

Dr Washington T. Mbizvo
Ministry of Education, Sport and Culture
PO Box CY 121
CAUSEWAY
HARARE, ZIMBABWE
wtmbizvo@zarnet.ac.zw

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*Dr Washington T. Mbizvo: Financing TVET In Lesotho and Uganda*
1.0 Executive Summary

This paper presents a summary extract from two major country research reports of Uganda and Lesotho. The two studies were commissioned by the GTZ with the aim of examining the revenue policies vis-à-vis the ultimate benefits of the Technical and Vocational Education and Training systems.

In conducting the studies, various key people within the arena of TVET policy-making were interviewed. Relevant policy and legal documents were examined including minutes of significant meetings. Visits were carried out to purposefully selected TVET institutions with a view to making observations of the real-life scenario and understand financing implications.

The report starts by contextualising the thrust of technical and vocational education in the two countries. Thereafter, the highlights are made in the financing concepts, structures and systems for enhancing the sustainability of TVET. Associated challenges and problems are briefly analysed and recommendations are drawn based on issues examined and based on the broad analysis of internal efficiencies and external efficiencies.

As conclusions are drawn from common denominations it becomes clearer that both Lesotho and Uganda have relatively weak linkages between training providers and industries. Both countries lack a policy framework for mobilising a levy system. The shortage of funds for financing TVET systems in Lesotho and Uganda will call for a further vigorous discourse.

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2.0 **PREAMBLE**

This synopsis is a reflection of the key funding patterns, structures and policies of major sub-systems and sub-sectors of Technical and Vocational Education and Training in two African countries namely; Lesotho and Uganda. The configuration of the financing systems is presented in the context of the key objectives of the sub-sectors. In this paper, initially, the two countries will be discussed separately. Nonetheless a brief comparative analysis will be drawn at the end.

3.0 **FINANCING TVET IN LESOTHO**

Lesotho a small rugged country which enjoys the highest altitude in the region, has a total population of (plus) two (2) million of approximately one thousand seven hundred (1 700) participate in vocational and technical education, according to 1999 statistics supplied by the Ministry of Education.

3.1 **Thrust of TVET Financing in Lesotho**

The financing of TVET programmes in Lesotho has been a limiting factor to the development of the TVET system and subsequently to the supply of skilled manpower to the national economy. While this is the case, the TVET system is compatible with and complimentary to the Lesotho education system. Technical and vocational courses and subjects are offered mainly at the post-primary level at which level it is believed that candidates have acquired the necessary numeracy and literacy for skills training. In terms of the Lesotho Education Act 1995, the provision of education in Lesotho is a shared responsibility involving the government, the churches and the community at all levels.
3.2 **TVET Financing Concepts, Structures and Sustainability**

The cost areas are generally classified into three groups namely; investment costs, operational costs and consultancies / technical assistance. Investments costs tend to cater for infrastructural development of physical facilities whereas operational costs do meet requirements for teaching salaries, non-teaching salaries, travel and transport costs and running costs which include electricity, gas, coal etc. The operational costs are directly proportional to the enrolment rates and to the diversification of the courses offered. The optimum pupil: teacher ratio for tech-voc subjects is 20:1.

The sources for TVET in Lesotho are private financing, public financing and donor financing. In private financing, institutions bear the full costs of training and they do not receive any government assistance. In this regard, the company’s budget funds the full fees. Public financing comes from public revenue generated through collection of taxes and fees paid by the public. Donor financing is funding by International Community which provides for physical facilities, training and technical assistance (including consultancies). Organisations that have provided assistance are African Development Bank, Skillshare Africa, World Bank (IDA) and GTZ.

3.3. **Challenges**

There are various problems which are associated with financing TVET in Lesotho. They include lack of a coherent and consistent training policy.

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Inherent in the system are weaknesses in the curriculum and programme design resulting in the low morale of the staff. High cost associated with TVET courses pose fundamental difficulties, as there is shortage of funds experienced by the institutions offering the TVET courses. There is lack of incentive schemes to encourage the industrialists to finance the TVET programmes. The NCC courses are heavily demanding on time such that institutions are not able to engage in income generating projects. Generally low enrolments in institutions imply that institutions cannot be cost-effective.

3.4 Recommendations

There is need to introduce cost-sharing schemes and incentive schemes to encourage industrialists to invest in the training programmes. Allocation of grants to teachers must take into consideration the optimum pupil to teacher ratio for technical subjects. Subsidies should be based on enrolment and courses offered as in government schools. The Lesotho government must commit itself through budgetary process since TVET has been identified as priority area in 7th National Development Plan. Both recurrent and capital budget allocations for the TVET system should reflect the important role that the system is expected to play in poverty reduction both in terms of quantities and areas being funded. The TVET Act should therefore be revised with a view to strengthening the involvement of the private sector in Voc-Tec Education and Training and in formalising industrial participation in curriculum processes. This is critical in terms of stimulating a sense of ownership in manpower development issues.
4.0 FINANCING TVET IN UGANDA

Uganda has a population estimated at 20.4 million with 85% to 90% people living in the rural areas. The population growth stands at 2.5% and has been stagnant over the past 5 years. The contributing factor to this has been the AIDS pandemic and the effects of the past civil war.

Uganda has been implementing IMF/IDA supported Adjustment Programme which involves redesigning policy measures to redress the imbalances in the national economic growth. The major programmes to achieve this objective are:

- Liberalisation of public enterprises
- Privatisation of public enterprises
- Reduction of the public sector
- Liberalisation of market trade regimes

In the formal sector jobs have been reduced as a result of privatisation and retrenchment trends in the public sector. Nonetheless, Uganda still faces critical shortages of skilled manpower in the categories of artisans, technicians and associated professionals and this estimated at 38%.
4.1 **Thrust of TVET Financing in Uganda**

The Education system of Uganda comprises of Primary, Secondary and Tertiary levels.

Technical and vocational education in Uganda falls under the tertiary levels, which aims to address an outlet for school dropouts and those school leavers who fail to proceed to University. The types of funding for TVET programmes vary from private financing, public financing and donor financing.

In private financing, training institutions bear the full cost. Cost-sharing schemes and donations from well-wishers are part of the strategies in private financing. In public financing, the mode of financing is provided through public revenue mostly collected as taxes from the people and fees paid by the trainees. Donor finances come from the international community both for the private institutions and government institutions.

4.2 **Financing Concepts, Structure and Sustainability**

There are varied training approaches and these have a bearing on the types of funding programmes in Uganda. In polytechnic centres they rely on fees paid by the trainees, Government grants, donor funding and cost recovery systems. There are five technical colleges in Uganda which are government sponsored institutions. The colleges charge fees, which constitute between 50% to 60% of their funding.

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They also receive capital grants from government and subsidies for feeding students and for tuition. In the trade-testing sector they have a revolving fund where candidates pay a fee which is used to pay the expert panel members. In the apprenticeship sector, employers contribute towards inplant training in the form of allowances for trainees and fees when trainees attend college-based training. In government Vocational Training Centres, trainees pay a fee, which is ploughed back into the centres’ recurrent budget. GTZ provides funds for equipment, training material and buildings. Private VTCs fall under Uganda Association of Private Vocational Institutions (UGAPRIVI). These do not get any government funding. UGAPRIVI sources funds from donors. They sustain themselves through fees, sale of produced items (income generating activities) and donation from well-wishers. In-house training centres are financed through fees paid by trainees, grants and donations from outside Uganda.

4.3 **Challenges**

There is a lack of an approved policy framework in Uganda in issues concerning financing TVETs. There is no levy and there is need for the introduction of a **levy system** in order to have a financial sustenance for the programmes. Government should also consider **credit schemes** as ways of financing private trainers since they cannot borrow to finance their programmes. Major stakeholders should be consulted when fees are being revised. In order to encourage industrialists to invest in training, realistic incentive schemes should be incorporated in the Policy Framework.
4.4 Recommendations

Donor agencies such as GTZ should be encouraged to increase funding through creation of an **enabling environment** by government to promote mutual participation. The current practice where TVET recurrent budgets are subjected to **cash budgeting** has to be revised. This means that training providers have to wait for government to raise its revenue base before funds can be accessed. TVET system should therefore be given priority status in the budgetary process through the provisions made in the Education Strategic Investment Plan (ESIP) negotiated by government.

5.0 COMPARATIVE SUMMARY ANALYSIS

The study on the financing system of TVET in Uganda points towards some objectives aimed at addressing specific issues. It is estimated that between 75% and 88% of boys and girls who enroll for secondary education do not complete the cycle while 90% of those who complete the seven years of primary education do not proceed to secondary school. Accordingly, TVET is geared towards providing an outlet for school dropouts and those school leavers who fail to proceed to university. It is further estimated that 8 million out of the population of 20 million people are unemployed. This figure has increased by the retrenchment programme which has added about 17 000 civil servants and 50 000 demobilised soldiers to the pool of job seekers. In the light of this, Uganda is focusing on:
• Increasing vocational training establishments with a view to responding to more specific local training requirements
• Making the curriculum more demand-driven by increasing the participation of industrialists, employers and employee organisations
• Increasing vocationalisation of the secondary education programmes

According to my analysis, this is only feasible if the financing system permits a more robust, flexible and innovative TVET which draws its resources from a strong partnership between government and the industrial sector. Further the sources of funding which do come in the form of cost recovery subsidies are not significant (20%-30%) hence the need to examine possibility of a levy system as is the case in other African countries like Tanzania, Botswana and Zimbabwe. Heavier financing systems are critically needed if the TVET system is to be reformed in order to re-focus on the ever changing technological scenario, globalisation demands and the revolution in information and communication technology. Government funding in the form of capitalisation grants subsidies for feeding students and for tuition will no longer be sustainable, given the thrust towards a cash budget scenario in the wake of liberalisation of the economy. Experiences in Zimbabwe might serve as an indicator to this phenomenon.

In Lesotho the financing situation is somewhat different despite that the sources of funding are basically uniform, that is, private financing, public financing and donor financing. A comparison of the revenue and the expenditure figures reflects a significant gap. My analysis is that the fees as the major source of revenue are not sufficient to cover the recurrent costs of the TVET programmes and yet, in the case of non-governmental institutions, the revenue collected is the main, if not the only source of funding to meet the recurrent costs, with government only providing salaries for teaching staff. This scenario underscores that TVET institutions are severely under-financed.

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The bottom line in the case of Lesotho is that the fees which are the main source of revenue, are paid into the revenue account of government and TVET institutions have to wait for their allocation of government funds. The cost recovery systems which works in Uganda does not function in Lesotho. The situation is further worsened by the lack of a levy system and lack of a clear and coherent policy on both financing TVET and mobilising industrialists for participation.

The teaching and learning process in Lesotho is constrained by the inadequate teacher-grant system. When allocating technical teachers’ grants the government’s teaching service department uses a pupil:teacher ratio of 40:1 at both the secondary level and the tertiary level. This is not commensurate with optimum pupil/teacher ratio of 20:1 for technical subjects.

In both countries, there appears to be a greater need for some incentive schemes geared towards encouraging industrialists to invest in skilled manpower training. Furthermore government intervention in articulating a clearly defined policy on financing TVET is long overdue. This applies to both countries Lesotho and Uganda.

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