

CONCEPTS AND APPROACHES TO VOCATIONAL TRAINING IN THE INFORMAL SECTOR

The Tanzanian Case

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Abbreviations

ATE	Association of Tanzanian Employers
Danida	Danish International Development Agency
ER	Enrolment Rate
ERP	Economic Recovery Plan
ESAP	Economic and Social Action Programme
GDP	Gross Domestic Product
GTZ	German Agency for Development
ILO	International Labour Organisation
IS	Informal Sector
JICA	Japanese International Development Agency
MCDWAC	Ministry of Community Development, Women Affairs and Children
MIT	Ministry of Industry and Trade
MOEC	Ministry of Education and Culture
MOLYD	Ministry of Labour and Youth Development
MSE	Micro and Small Enterprise
MVTTC	Morogoro Vocational Teachers' Training College
NEP	National Employment Policy
NESP	National Economic Survival Plan
NVTC	National Vocational Training Council
NVTD	National Vocational Training Division
OTTU	Organisation of Tanzania Trade Unions
PTTC	Post-primary Technical Training Colleges
RVTSC	Regional Vocational Training and Service Centre
SAP	Strategic Action Plan
SIDA	Swedish International Development Agency
SIDP	Sustainable Industrial Development Policy
TAC	Trade Advisory Committee
TFTU	Tanzanian Federation of Trade Unions
TP	Training Provider
TSS	Technical Secondary School
UNIDO	United Nations Industrial Development Organisation
VET	Vocational Education and Training
VETA	Vocational Education and Training Authority
VSO	British Volunteer Service Overseas
VT	Vocational Training
VTC	Vocational Training Centre

1. Introduction

1.1 The Framework of the Study and Terms of Reference

The following study has been initiated within the framework of a GTZ sector project "Concepts and Approaches of Vocational Training (VT) in the Informal Sector". This project addresses selected GTZ-projects in developing countries, which aim at economic improvement through non-formal and traditional training geared to the informal sector. The project's objective is threefold:

1. Compilation and analysis of the multitude of practical experiences made in the field of VT for the informal sector
2. Extension and support for establishing a forum for the direct exchange of experiences and the dissemination of innovations among the projects involved
3. Offering conceptual services and planning support to other potential training providers in the informal sector for a direct dissemination of innovation

As a first step in the procedure as described above, each project is commissioned to compile a report describing and assessing the existing experiences in the national context. The Terms of Reference (see appendix 1) concentrated on the following four areas:

1. The state of affairs with regard to services in the project environment (the country), within which professional, commercial and technical skills are imparted (i.e. training providers, structure and contents of training, socio-economic environment, financial and legal aspects)
2. The entry point and set-up of the GTZ assistance in the respective country (i.e. collaboration with executing and implementing agencies, intermediaries, quality control, financial aspects)
3. The results/ effects of the GTZ assistance (i.e. observable outputs, cost-benefit ratio, replicability, financing)
4. The lessons learnt with regard to GTZ supporting such contributions to VT for the informal sector (i.e. benefit of the GTZ assistance, organisational analysis)

1.2 The Tanzanian Case

VETA (Vocational Education and Training Authority) has been established as an independent government agency in 1995. VETA is controlled by a multi-partite National VET Board, consisting of representatives of three government ministries, employers' and employees' organisations, as well as representatives of non-governmental training institutions. The National Board develops policies and supervises their implementation at national level. The National Board elects the Director General. With regard to decentralisation, Regional Boards have been established in ten VETA regions throughout Tanzania. These Boards oversee VET activities at regional level.

GTZ started collaborating with its partner VETA in 07/1997 with an open orientation phase until 6/2000. During that first project phase the following results were to be achieved:

1. Development of a Dar es Salaam Vocational Education and Training (VET) concept regarding social and market demand
2. Development of gender specific proposals on how to integrate non-formal training modes into the VET system
3. Integration of entrepreneurial values and commercial skills in VET programmes in Dar es Salaam Region
4. Improvement of VETA's organisational effectiveness
5. Clarification of terms for the medium-term collaboration between VETA and GTZ

By the end of 1997 efforts to support the informal sector within the second component have been undertaken for the first time. VETA up till then mainly concentrated on the formal sector and on standard trades. As the informal sector was relatively unexplored, there was a need for assessing the situation, in order to touch ground with the Tanzanian reality. In 1999 first pilot projects were designed and approved and implementation took place in the second half of 1999. The experiences of GTZ are very recent, and it is because of this that the report will have to be looked at as a baseline assessment of concepts rather than as a comprehensive evaluation of "hands-on" experiences.

1.3 *The structure of the Report*

Following these introductory remarks, the second chapter will illustrate the relevant contextual framework. This includes a presentation of the socio-economic history of Tanzania and of the educational system, as well as the historical analysis of the VET system.

Chapter 3 focuses on the situation with regard to VET in 1999. Thereby the existing training providers will be introduced and the most prevalent characteristics of the system will be highlighted. This is followed by a short overview over the labour market situation and a sub-chapter on donor support to the VET sector.

Chapter 4 is dedicated to a brief analysis of the informal sector in Tanzania. It includes definitions, a presentation of the informal sector in Tanzania, an overview on relevant policy papers, the regulatory environment of the informal sector and the description of VETA's role with regard to the informal sector.

In Chapter 5 the focal point is on GTZ's contribution, its institutional environment and the approaches chosen. The discussion of the approaches takes the reader to a preliminary assessment thereof.

Chapter 6 summarises the core elements of the main report in graphs (Chart 1-11), which shall illustrate the facts described in the main body of the report.

2. Relevant Contextual Framework¹

2.1 A brief Introduction to Tanzania

During colonial times Tanzania has been under German and later under British rule. It gained independence in 1961 and became a republic on the 9th December 1962. In 1964, Tanganyika formed a union with Zanzibar to become the United Republic of Tanzania. The administrative capital is Dodoma, while Dar es Salaam remains the commercial and for a transitional period also the political centre.

The political structure consists of an elected executive President and a multiparty National Assembly with 274 seats. Out of those, 42 seats are not elected directly, but are kept as preferential seats for women. The last general legislative elections were held in 1995, the next ones are scheduled for October 2000.

Tanzania's main economic sector is agriculture, which provides for 49% of the GDP, accounts for 85% of exports and employs 80% of the work force. Tanzanian agriculture is mostly characterised by small holder farming, either for subsistence or cash cropping. The service sector generates 33% and the industrial sector 18% of the GDP. Tourism is the fastest growing sub-sector, followed by manufacturing, transport, as well as food processing and beverages. However the economy generally seems to be stagnating, the financial system is still weak and the business environment is of high risk.

Tanzania has a surface area of 883,749 km² and a population of 31.5 million (estimate for 1997, based on census in 1988). 46% of the population are under 15 years old. Population density has reached an average of 31.2 inhabitants per km², however, with great regional disparities. Life expectancy at birth is 51 years, infant mortality rate per 1000 live births is 115. Rural-urban migration is on the increase and while previous estimates assumed that about 80% of population live in rural areas, more recent studies indicate a decrease to 70%.

Kiswahili and English are the two official national languages. The majority of people speak Kiswahili besides their local language, which makes communication relatively easy.

2.2 Historical Milestones

After independence in 1961, the Tanzanian economy introduced a free-enterprise economy relying on the private sector, with a Government strictly following a non-interventionist strategy. This policy led to increased foreign investments and a significant improvement of economic performance.

In 1967 the Declaration of Arusha transformed Tanzania into a socialist state with a policy of self-reliant development based on a centrally planned economy, which was deemed necessary for achieving economic justice and equality. Government involvement and its control over the means of production rose, as all major firms were nationalised, a large number of para-statal were created and government controlled agricultural co-operatives were fostered. As a consequence, public employment grew sharply.

In the 1970s several steps were taken to develop capital goods industries adapted to local needs, which were capable of supplying training and of creating new skills. To support the development of a cadre of suitably trained labour, the first Vocational Training Act was passed in 1974, a legal basis for formal training and certification.

¹ For an overview over the World of Work and its environment in Tanzania, see chapter 6, chart 1.

A major accomplishment since independence was the establishment of political stability, national identity and a relatively peaceful situation. However, the economy became weaker and weaker in the 1980s, and several national plans were introduced to improve the situation. The 1981 National Economic Survival Plan (NESP) was replaced by the Structural Adjustment Plan (1983-85) and followed by the Economic Recovery Plan (ERP) in 1986, as well as the Economic and Social Action Programme (ESAP) in 1988. The main elements of the structural adjustment plans have been the liberalisation of trade policies, improvement of incentives for agricultural production, reduction of the overvaluation of the currency and the implementation of an appropriate monetary and fiscal policy.

In the late 1980s, the Government introduced a Public Sector Reform in order to make government administration leaner and more efficient. Many government officials were retrenched and the principles of professionalism was to be the new guideline for the selection of civil servants. The slimming of the public sector and the parallel process of privatisation further accentuated the importance of urban self-employment as alternative sources of income. At the same time, the guaranteed absorption of trainees and apprentices into governmental and parastatal structures vanished.

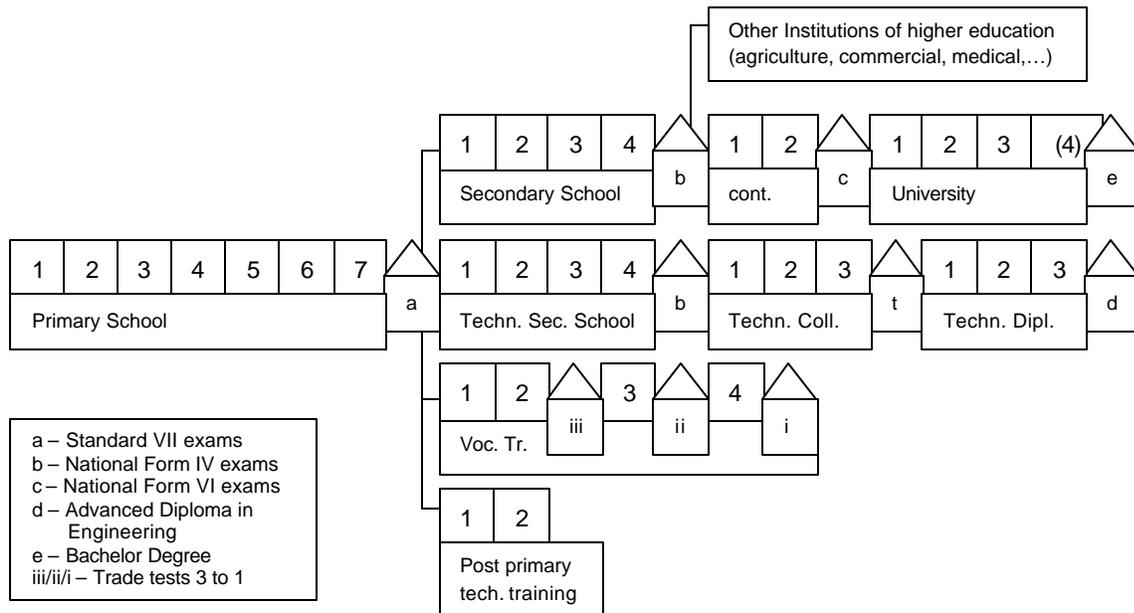
In the early 1990s, a political opening followed the economic liberalisation. A multi-party system was introduced, which lead to local elections in 1993 and to national elections in 1995.

2.3 General Education in Tanzania

2.3.1 The Education System

The 1968 Policy on Education for Self-Reliance emphasised the role of primary education as preparation of the children for the reality of life. Therefore the focus on education was for self-reliance, agricultural know-how and fostering creative thinking. The following graph shows the structure of the Tanzanian education and training system:

Graph 1: Educational structure in Tanzania²



Source: VET in Tanzania – the reform experiences 1990-1999, p. 9

² The same graph is provided in an enlarged format in chapter 6, chart 2.

Primary education starts at the age of seven and lasts for seven years (Standard I to VII). In 1977 primary education was declared compulsory to all school age children in Tanzania (Resolution on Universal Primary Education). New schools were built and by 1981 enrolment rate (ER) was 98%, a level, which could not be maintained up to date. At present, the nationwide ER is estimated to be at only around 60% for primary schools.

At the level of secondary and technical education there are several options, as shown in the graph above:

1. "Ordinary" secondary schools, which consists of two cycles, namely a 4 years ordinary level and a subsequent 2 years advanced level programme. Ideally, this leads to a continuation of studies at university level for another 4 years. Since 1978 vocational skills (agricultural, commercial, industrial and home economics) have been taught at all public lower secondary schools. Private schools have to offer at least one specification. Countrywide there are more than 400 secondary schools (public and private).
2. Technical secondary schools (4 years), followed by technical colleges at degree (3 years) and advanced diploma level (3 years).
3. Vocational training providers of different types with one or two years of basic training at a Vocational Training Centre preparing for the trade tests III (semi-skilled), II (skilled), and I (highly skilled). Before the reforms this training was complemented by one to three years of apprenticeship training within companies while the practical phase was to be accompanied by evening classes (theory only).
4. Post-primary training centres within primary schools (PTTC) as an alternative option for primary school leavers. PTTCs aim to provide students with the necessary skills for offering services to the community. Countrywide there are 300 such centres.

The diversification of secondary education has its roots in the second Five-Year Plan (1969-74). The policy then called for the provision of special facilities for agriculture, crafts, commerce and technical education in a number of schools. Thereby it was intended to implement the mandate of educating youth for self-reliance.

2.3.2 Education statistics

The national enrolment rate (ER) for primary schools has further decreased from 77% by 1995 to about 60 % today. However, figures show great variations between different regions of Tanzania, in Dar es Salaam for example, ER is 93%. At primary school level, the participation of girls is very close to 50% (1997).

At present, 15% of primary school leavers manage to continue their education in secondary schools (50% in private, 50% in public secondary schools). Girls comprise 46.6% of students registered for Form I, 43% of Form IV graduates and only 35% of Form V beginners (1997).

Those pupils not being admitted to secondary school, become training or employment seekers together with those who drop out of primary schools (33% of students registered in Standard I drop out before reaching Std. VII). In 1996, 410,000 young people left school nationwide, out of which 62,000 were absorbed into secondary schools. The remaining 348,000, together with those who did not finish school (estimated at 205,000 students) add up to more than half a million individuals seeking training or employment each year. In addition, the secondary school leavers (before and after Form IV or VI) join the training and labour market.

The total number of all those categories of young people are to be seen as the annual increase of the social demand on the VET system and on the Tanzanian labour market³.

³ For a graph representation of the social demand on VET see chapter 6, chart 4.

2.4 VET development from independence to 1999

2.4.1 From independence to 1990

After independence the Apprenticeship Ordinance, Chap. 81 of the Laws (1940) remained the main guideline for training within the industry. In 1974 the first Vocational Education and Training Act (VET Act) was passed, which provided for the establishment of a National Vocational Training Division (NVTD) within the Ministry of Labour. The main responsibilities of the tripartite National Vocational Training Council (NVTC) were to ensure an adequate supply of properly trained manpower at all industrial levels and to secure improved quality and efficiency. The two labour market organisations representing employers and employees as part of the NVTC were given the opportunity to influence policy issues. However, as the NVTC did not prove to be a strong body of decision making, the influence of both labour market organisations was very limited.

In addition to the NVTC, Trade Advisory Committees were established and guidelines for apprenticeship training were designed. The training system, which emerged was dual, the first phase being a 2-years' institution-based training followed by a 3-years' phase of apprenticeship training within the industry. A system of trade testing was established, in order to assure formal recognition of training completed (trade tests III, II and I). However, the implementation of the Act proved to be difficult, especially with regard to in-plant and apprenticeship training.

In 1981 the Government approved a 20-years' development plan for vocational training. The plan aimed at initially establishing a Vocational Training Centre (VTC) in each region (with industrial focus), and subsequently in each district (with focus on agriculture/local crafts) by the year 2000. This plan was based on a purely supply driven approach to manpower development, which proved to be inadequate later on.

Between 1986 and 1990 the Government undertook a major review of the VET system (with support from SIDA and Danida), as the labour market situation and consequently the demand for vocational training had changed drastically. The Government was no longer to be the major employer and the parastatals no longer the main absorbers of graduates from VTCs. The review of the VET system ran parallel with the socio-economic transformation described above, and it was the first step of linking Vocational Training with the restructured economy.

The main findings of the review mentioned above were the following:

- The training centres operate in isolation from the industry they are supposed to serve, there is no joint curriculum development. As a consequence, a mismatch between qualifications and labour market demand developed.
- The NVTC does not satisfactorily fulfil its role as a forum for policy dialogue and system development.
- Instructors are inadequately trained, quality of training is low.
- The lack of apprenticeship placements hampers the functioning of the training system.
- The trade testing system is expensive, complicated and inefficient.
- The VET system is very centralised and does not encourage regional initiative.

These findings were the basis for the Government to embark on a large scale reform process in the early 1990s.

2.4.2 1990-1994

In 1991, a core group of stakeholders started the development of new policy guidelines for vocational training in Tanzania. The group included representatives of the Association of Tanzanian Employers (ATE) and of the Organisation of Tanzania Trade Unions (OTTU, today called Tanzanian Federation of Trade Unions TFTU), of involved Government ministries, of academic institutions, as well as of the public and private industries. The core group's findings

and recommendations formed the basis for developing a draft policy on Vocational Education and Training, which was presented to the Government in December 1991. The central recommendation regarding institutional reforms was the establishment of the Vocational Education and Training Authority (VETA), to be financed by a new VET Levy and supervised by a National Board. It took until the year 1993 for the Government to approve of the paper, which eventually led to the second VET Act in 1994.

2.4.3 The VET Act (1994)

The 1994 VET Act (including legislative and operational regulations) is the current legal framework for Government programmes and donor assistance with regard to the development of the VET system in Tanzania. Since the second VET Act provides for the establishment of VETA as an autonomous government body, there is no direct accountability to a Government ministry. The ministerial link is guaranteed by the membership of ministerial representatives in the VETA Board (see below).

VETA as an authority has multiple roles, namely policy making, setting standards, financing training providers (TPs), operating own training centres, as well as offering services such as vocational teacher training and trade testing. VETA is to meet social demand and labour market needs in all sectors of the Tanzanian economy (formal and informal) and to provide suitable training and training facilities at the same time⁴. More specifically, VETA is given the task to ensure that the VET system is demand-oriented, cost effective and gradually decentralising its functions to the regions. A continuation of the dual training system is foreseen in the 1994 VET Act, combining broad basic training, gradual specialisation and practical experience at work. The promotion of on-the-job training in industry both for apprentices and for upgrading of skills is one of the responsibilities of VETA. In addition, VETA is to foster a flexible training approach and appropriate teaching methodologies.

The top authority within VETA is given to a multi-partite National Board (11 members), comprising representatives of the Government, of employers' and employees' organisations, as well as representatives of non-governmental training institutions. The ministries represented are the Ministry of Education and Culture (MOEC), the Ministry of Labour and Youth Development (MOLYD), as well as the Ministry of Industries and Trade (MIT). The Board elects the Director General of VETA. It is responsible for developing VET policies and for supervising implementation at a national level. Also, it sets policies and guidelines for the use of the VET Fund and is responsible for approving plans and annual budgets. Regional Boards and Trade Advisory Committees assist the National Board in determining regional training priorities and in co-ordinating all VET at regional level. The Regional Boards shall become the co-ordinators of VET activities within the region, being given the responsibilities to determine regional priorities, to provide guidelines and supervision to budget preparations, as well as to carry out the inspection of VTCs according to regulations set by the National Board.

The National Board is to designate one VTC to become a Regional Vocational Training and Service Centre (RVTSC) in each VETA region. The RVTSC is to become a resource centre for other VTCs in the region, regardless of whether they are run by VETA, NGOs, private companies or other institutions.

Trade Advisory Committees (TAC) shall be given the responsibility to ensure that the VET programmes comply with the needs of the employment market. They will have an advisory function to the Board with regard to setting up new VET programmes, abolishing existing ones, as well as with regard to training specifications and training standards. In addition, the TACs are to feedback information about the training activities to the employment market.

⁴ For an illustration of social and labour market demand on VET, see chapter6/chart 3.

A VET Levy is to provide for the VETA budget. The training levy is 2% of total gross emoluments payable by the employer in enterprises with four or more employees. In 1998 the collection rate was at an estimated 60% of its potential amount. Besides the VET Levy, there are modest contributions from trainee fees and from production, as well as considerable budgetary contributions from external donors. The VET Fund is meant to be used for financing vocational training through VETA, and also supporting other training providers. The funding criteria will have to be established by the Board.

2.4.4 Strategic Action Plan I (1996-1999) – SAP I

For a smooth implementation of the 1994 VET Act, the VETA Board, with the support of a group of donors (SIDA, Danida, Irish Aid, GTZ and JICA) developed a Strategic Action Plan for 1996-1999. The main objective of the plan was to ensure that VETA's institutional and management systems are functioning as provided for under the Act and that training provided meets the needs of the labour market. SAP I consisted of 5 components:

1. Development of institutional structures and management systems (VETA secretariat and headquarters)
2. Development of the Regional Boards and RVTSCs (strengthening regional institutions)
3. Training System Development (training, testing and certification)
4. Development of the National Vocational Teachers Training College in Morogoro (MVTTTC)
5. Gender issues and promotion of entrepreneurship and preventive maintenance

The Director General had the overall responsibility for the implementation of the SAP I, specific responsibilities were with the respective heads of department. SAP I focused mainly on the formal sector, while the informal sector (IS) was only marginally mentioned in component 5, together with issues of gender and preventive maintenance.

In order to prepare the trainees for self-employment in the IS, the SAP I called for the provision of targeted skills training accompanied by basic business/administration training (simple cost calculation, bookkeeping and marketing). For those already working in the IS, there was a need for short courses for up-grading skills. Entrepreneurship in the sense of attitude and local cultural climate conducive to micro enterprise, the basis of informal sector activities, was to be stimulated.

2.4.5 Strategic Action Plan II (1999-2004) – SAP II

VETA finalised in November 1999 a second Strategic Action Plan (SAP II) for the years 2000-2004 for the continued implementation of the VET Act. SAP II was the product of a process involving the different stakeholders.

The goal of SAP II is "to ensure that VET provision with gender focus becomes an appropriate tool for social-economic development in Tanzania". The overall objective of SAP II is "to ensure demand driven and quality gender focussed VET provision in Tanzania". This overall objective has been translated into four outputs, as listed below:

1. A demand driven VET system has been developed and implemented
2. Effective national VET provision support systems have been developed and implemented
3. VETA has become financially sustainable
4. Organisational and management systems have been developed and implemented

The focus of SAP II will be on operationalising the infrastructure developed during SAP I, rather than on developing more infrastructure. I.e. technical support, capacity building and organisational development will become vital elements. The involvement of stakeholders, and during the design of SAP II, shall continue during the implementation phase. The two major donors (Danida, GTZ) have agreed to assist VETA in implementing SAP II for another phase of cooperation of three years starting in June 2000.

used quality standards necessary for efficient quality control. Under these circumstances, the transfer of know-how is a rather haphazard process of learning by doing, dominated by the experience and Approaches of Vocational Training in the Informal Sector customers. The skills of the apprentices often remain partial and important side-aspects, such as resource utilisation, customer orientation and worker/consumer safety are often not given due attention. However, the approach has the advantage that apprentices learn to work in the predominant working conditions.

3. Situation Analysis 1999

The following chapter gives an overview over the present-day situation of the VET system in Tanzania. Firstly, the different training providers will be listed and briefly described. Secondly, the most important characteristics of the training system as a whole will be highlighted. This will be followed by a few insights on the labour market situation. Finally, the contribution of donors to the present VET system and future commitments of donors will be presented.

3.1 VET Providers⁵

According to the Bureau of Statistics, the labour force (age 15 to 64) will be at 17 million by the year 2000, but of which 40% are less than 25 years. The Ministry of Labour and Youth Development (MOLYD) states in its 1997 report that 70% of the labour force are employed or self-employed, while 30% remain in these centres. A much more recent study, however, roughly 50% are young. The employment is especially high among women and in urban areas, catering and hotel), which do not require expensive infrastructure.

The company based training centres surveyed in 1999 gives mainly provided by large companies and small to medium sized companies. Training is important to recognise that almost 80% of the labour force in urban areas with the smallholder agricultural sector. Other sectors are has practically weak research as seen in the table below.

- Church owned VTCs: Many VTCs run by religious institutions have their roots in the colonial times and mostly train in traditional trades. The training usually lasts 3-4 years, including vocational training and production. Many of the church owned VTCs are located in rural areas, with the intentions of creating rural employment and of fostering the

Sector	Total	Urban share out of total	Rural share out of total
Agriculture and Fishing	4.2%	70%	30%
Realities of working life. Trades skills, carpentry/joinery, masonry and motor vehicle mechanics.	0.9%	7.7%	92.3%
Manufacturing	2.2%	65.0%	35.0%
Electricity and gas	0.1%	94.0%	6.0%
Building and construction	0.8%	63.9%	36.1%
Trade	6.4%	61.8%	38.2%
Transport	1.0%	87.4%	12.3%
Finance	0.2%	89.9%	10.1%
Community & personal services	4.2%	60.2%	39.8%
Total	100%	75.8%	24.2%

VETA training centres: VETA has inherited 20 VTCs from NVTD in 1994, as well as the Morogoro Vocational Teacher Training College. VETA is the major provider of training for the modern industry, alongside with company based training. VETA is also a significant provider of crafts training, which is otherwise mainly provided by church owned training centres. With the restructuring of VETA one VTC per region was upgraded to become a Regional Vocational Training and Service Centre (RVTC). VETA built one new centre in 1999. Up to date, 9 such RVTCs are established in the 10 VETA regions.

4. The Informal Sector⁷

4.1 Definition of the Informal Sector

The definition of the IS commonly used in related studies in Tanzania⁸ is based on the Resolution, which was adopted in 1993 by the 15th International Conference of Labour Statisticians. The following definition is an operational one, adapted to the Tanzania circumstances:

"The IS consists of a group of household enterprises, which are engaged in the production of goods and services. These enterprises are not constituted as separate legal entities, independently of the households or household members that own them. There are no complete sets of accounts available, which would permit a clear distinction of the production activities of the enterprises from the other activities of the owners. All the same, flows of income and capital between enterprises and owners remain hardly identifiable. Such enterprises can either be own-account enterprises (self-employment) or enterprises of informal employers (continuous employment of one or up to ten workers)."

In Tanzania the term "micro- and small enterprises" (MSE) sector is often used when talking about the informal sector. MSEs are often not registered in official statistics/censuses, and they have limited access to organised markets and credit organisations, as well as to formal education and training. Most of them operate under low levels of production technology⁹, production is labour intensive and often the infrastructure in the immediate working environment is poor. These shortcomings add up to achieving only a low level of income in relation to income generation potential.

Although most MSEs may be working within the IS for lack of alternatives, there are also entrepreneurs who voluntarily set up their business within the IS, because it seems more profitable for them (higher income, avoiding regulations, remaining flexible, etc.). Among growing MSEs there is general a tendency of creating several smaller units, rather than formalising the already successful business.

4.2 The Informal Sector in Tanzania

Out of the estimated 600,000-700,000 youths who join the labour force every year¹⁰, at least 500,000 are primary school leavers with no or little professional skills. The formal sector is estimated to absorb less than 10% of the total labour force, by offering 10,000 to 30,000 new jobs per annum (Adam, 1998). This state of affairs has led to a fast growing informal sector, especially in urban areas, where rural-urban migration additionally aggravates the situation.

Table 2: Informal employment in rural/urban areas in 1990

	Dar es Salaam	Other Urban	Rural	Total
Male	190,971	354,526	985,526	1,531,023
Female	124,587	279,619	433,680	837,886
Total	315,558	634,145	1,419,206	2,368,909

Source: Planning Commission and Ministry of Labour: The Informal Sector (1990)

⁷ For an overview of external and internal factors influencing the performance of the informal sector in Tanzania, see chapter 6, chart 8.

⁸ The studies referred to are the Informal Sector Survey for Tanzania (1991), the Dar es Salaam Informal Sector Survey (1995) and several studies published by ILO.

⁹ An exception to this are MSEs in the modern sector, such as e.g. small internet providers.

¹⁰ The labour force consists of all individuals aged 15-64, who are able-bodied and offer their labour on the labour market. The labour market is the number of employment opportunities within a given economy.

In 1990/91 the informal sector offered employment for 2.4 million people, which is more than twice the number employed in the formal sector (government, para-statal and private firms). The Dar es Salaam Informal Sector Survey (1995) reveals, that the extent of the IS increased with 2.4% annually between 1991 and 1995. About 35% of IS operators are female, while the other 65% are male. The annual profit rates of female IS operators are at 57% of the profit rates of their male colleagues. In 1991, 2.1% out of the total number of operators had formal training.

The percentage of those involved in the IS varies between urban and rural areas. For urban areas, an estimated 38% are engaged in the IS (1991), whereas in rural areas the percentage is less. The share of self-employment in the IS amounts to 75%. About 60% of the informal sector operators live in rural areas.

Experiencing the difficult situation formal enterprises face, informal business operators often prefer to stay aside in order to avoid the regulatory constraints. Therefore many remain in the IS. The IS environment, however, also has its disadvantages with regard to establishing and operating an enterprise. IS operators often can not fully avoid the regulatory constraints, they have to deal with corruption and harassment by the authorities, they work in insecure and inappropriate working conditions and they often have limited access to inputs and services. In many trades the concentration of businesses is close to or above saturation level and competition becomes fierce.

The major problem of IS operators (as listed by themselves) is unavailability of capital, lack of demand for their service, lack of appropriate equipment/spares and difficulties to find an adequate space for setting up an enterprise (Tanzania IS Survey, 1991).

4.3 Existing Policies with regard to the Informal Sector

Although the IS provides employment and income to many Tanzanians, there is no policy paper solely geared towards the development of the IS. In 1995 there was a draft of the National Policy for Informal Sector Promotion, which was never adopted. At present, the two most relevant policies for the IS are the National Employment Policy (NEP) of 1997 and the Sustainable Industrial Development Policy (SIDP) for 1996-2020.

The **National Employment Policy** (1997) estimates the capacity for self-employment in the IS to be almost eight times as high as the one of the formal sector. There is an extensive list of small-scale activities conducted in the IS and a summary of frequent problems IS operators are facing. Among those are: lack of capital, little access to credit facilities, inadequacy of technical and entrepreneurial skills, little linkages within the chain of production and insufficient regulative support.

The NEP postulates intensified efforts of creating a conducive environment for self-employment in general, as well as specifically in the informal sector. Self-employment shall be linked with industries with regard to inputs and outputs. In addition, there are plans of strengthening the relationship between the formal and the informal sector. There is even a special provision for vocational training provision to youth with the dual purpose of industrial employment and self-employment.

The NEP is presently under review, and a first draft of the reviewed document has been presented the Labour Officers' Annual Round Table Conference (1999). In the new NEP, there is a stronger commitment toward supporting (self-)employment within the informal sector and the MSE sector. This objective shall be reached through training specifically targeted at self-employment, which shall be offered as one component of the overall strategy, and also through reducing the constraints faced by the informal sector. Taxes should be decreased and licensing procedures streamlined, in order to facilitate accelerated employment creation. An

effort shall be made to foster creativity, competitiveness, co-ordination, access to credit, a clear land tenure policy, as well as a functional infrastructure. The new NEP proposes that a newly created Department of Employment within MOPYD should supervise and assist in the implementation of the recommendations.

The **Sustainable Industrial Development Policy** (SIDP, 1997) for 1996-2020 recognises the role of the private sector for industrial development in Tanzania and the Government intends to deliberately strengthen the sector, by promoting an entrepreneurial base. This shall be done – among others – through targeting the education and vocational training strategy on entrepreneurship development. The IS, which is a source for potential entrepreneurs, shall be assisted to progressively enter the formal and regular avenues.

Human resource development is regarded as an important factor for such development. Improving technical skills training, as well as enhancing human creativity and productivity therefore become priorities. The technical training shall also be coupled with practical work experience of trainees within apprenticeship schemes.

For the promotion of employment opportunities, more emphasis will be placed on the development of medium, small and micro enterprises, the latter of which are often located in the IS. This shall be done by supporting existing business promotion institutions, by simplifying bureaucratic procedures and by improving the access of MSEs to credit and other crucial inputs and services. It is assumed that a more conducive environment will automatically lead the IS operators to gradually merge into the formal sector.

In addition to the policy documents mentioned above, the Development Vision 2025 for Tanzania (1999) very vaguely mentions the informal sector. The suggested strategy for national development is to raise the level of productivity and incomes in all sectors of the economy. For this purpose, the education and training system shall be geared towards providing skills not only for employment seekers, but also for self-employment. In addition, the link between the formal and the informal sector shall be legally recognised and defined.

All those policies mention the potential of the informal sector in generating employment and self-employment. However, the current contribution of the IS as a provider of employment and income in Tanzania is underestimated in the policies and few efforts are made towards realising the identified potential. In addition, supportive initiatives from one line ministry are counteracted by regulations of another (e.g. citizens should be encouraged to start and operate economic projects vs. restrictive business licensing). It is hoped that the forthcoming Small and Medium-Size Enterprise Policy (designed in collaboration with United Nations Industrial Development Organisation) will improve the situation. As for now, policies, laws, regulations, as well as public and private services do not sufficiently take the interest of the IS operators into account and they are often an impediment to the development of the IS.

4.4 The Regulatory Framework

The regulatory framework is not very conducive for the development of the IS in Tanzania. There are many hurdles to take, before an enterprise complies with legal, technical and administrative requirements. The most crucial steps are the following:

- The process of business registration and licensing leads the prospective entrepreneur through a variety of authorities with each one having its own interests. It is hardly possible to comply with all of them without "greasing" the process at a certain stage.
- The Health Act and Factories Ordinance (1950) defines the standards with regard to health and infrastructure, as well as quality standards for the output produced. The performance of IS businesses does in many cases not meet these standards as defined in the Act/Ordinance (e.g. waste disposal, water use, sewerage). It is known, that even registered businesses fail to comply with the standards and it is logical that IS operators have more difficulties.

- The registration of a business requires opening up an income tax account (sales and excise tax). Procedures are cumbersome and many IS operators do not see why they should be paying a tax, which does not benefit the informal sector.
- For declaring the income tax, formal accounts have to be kept. However, many transactions of IS businesses remain undocumented, especially as the borders between IS activities and other activities of the household are often blurry. In addition, it is mandatory to pay one year's tax in advance (as estimated), which drastically reduces the investment potential of prospective business operators.

4.5 VETA's Position with Regard to the IS

In its activities, VETA takes a trainee-focused approach: it aims to provide employment effective training to young people, be it in the formal or the informal sector. The ultimate goal is to improve the chances for employment through job-related vocational competencies. Since the capacity of the formal sector to absorb the trained workers is dwindling, VETA puts an additional focus on the growing IS to cater for those, who do not enter the formal sector.

5. GTZ/VETA Assistance

5.1 VETA – *adapting to the Changing Environment* ¹¹

As the Tanzanian economy and policies undergo major changes, VETA also is in a process of adapting its concepts, programmes and administration in order to optimise its services to its clients. The complexity and dynamics of the change process requires sufficient time and a competent management. With regard to the VET reform, the focus of the change process is put on (1.) increasing the relevance of training according to the labour market demands and self-employment opportunities, (2.) diversification of training programmes and target groups, and (3.) decentralisation of coordination structures.

The transition from a Government Department to the independent authority was not simply a question of setting up a new structure. It implied change of contents and structures as well as change of attitudes of its staff members. The authors of the Project Progress Review (5/1999) state: "VETA in general has only mastered a minor part of the exhausting path from a Government institutions to a modern, lean, swiftly acting market-oriented organisation; this includes the strenuous process of changing attitudes and culture on all levels". VETA is constantly working on this issue, and since this statement has been spelled out the transformation process has progressed.

The 1994 VET Act provides for the set-up of a training system in flexible response to the labour market demands, with cost effective training offers and subsequent marketing of training offers. This is much more difficult to manage than a rigid, centrally planned system. Therefore, skilled and determined managers and staff are needed on various levels. VETA is on its way to develop such human resources.

VETA is designing a new training concept by modifying the existing curricula into a competency based, modularised unit standard system. This concept is expected to enhance the adaptation of training to the needs of the labour market. Broader pre-employment training will increasingly be supplemented by shorter upgrading for those already being (self-) employed. The new training concept also intends to increase the cost-effectiveness of training.

VETA presently aims to incorporate the promotion of self-employment through integrating entrepreneurship training into the curricula. However, with regard to the more difficult task of instilling entrepreneurial values in trainees, much remains to be achieved. To run a business successfully requires creativity and innovation, the ability to assess market situations and risks, as well as entrepreneurial thinking and acting. Training modes and methods at VETA training centres need to be modified in order to enhance the trainees' capability to develop those competencies required.

5.2 GTZ Assistance to VETA – *An Overview*

The goal of GTZ assistance is to strengthen VETA, which in turn contributes to an improved system of VET provision in the country. GTZ has been supporting VETA in an open orientation phase (7/1997 to 6/2000). Thereafter, the another phase has been approved (until 6/2003).

The project purpose as defined in the Project Planning Matrix for the open orientation phase is to enable VETA to develop a clear implementation strategy for its activities¹². The project aims at supporting VETA to fulfil its co-ordinating and facilitating role with regard to national supply of VET. The project purpose was translated into the following five results to be achieved:

¹¹ For an illustration of the working environment of VETA, see chapter 6, chart 9.

¹² see appendix 2

1. The Dar es Salaam Region VET concept regarding social and market demand is developed
2. Gender specific proposals on how to integrate non-formal training modes into the VET system are available
3. Entrepreneurial values and commercial skills are integrated in VET programmes in Dar es Salaam Region
4. VETA's organisational effectiveness is improved
5. Medium-term co-operation between VETA and GTZ is clarified and operationalised

The expected results show that GTZ assists VETA its aims of adjusting the VET concept. Particular emphasis was put on the development of new planning and training methods for target groups in the informal sector previously not addressed by VETA training programmes. GTZ assistance during the first phase of cooperation also included activities of capacity building of the general Management as well as promotion of the VETA Directorate in the Dar es Salaam region assisting to developing a regional VET concept.

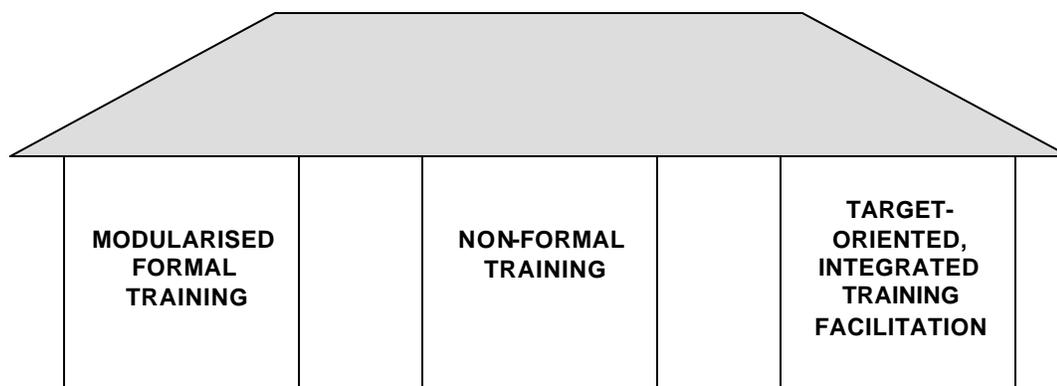
During the second phase (2000-03) the project is planned to achieve the following results¹³:

1. Development of systems for informal sector training, which empower VETA to initiate, support and monitor employment-oriented non-formal VET provision for target groups at the regional level
2. Development of concepts, procedures and instruments for the integration of entrepreneurial values and business skills in VET programmes
3. Development of marketing policies and strategies
4. Capacity building of key VETA staff in the Head Office and in the Regional Offices with regard to the areas mentioned above

Improving gender balance in VET provision has been a cross-cutting issue in all of GTZ's activities.

To fully understand GTZ's contribution to VETA, a few explanations about the Vocational Education and Training Concept of VETA, as well as about other donors' contributions are necessary. As described in chapter 2.4, the VET concept of VETA is being revised in an ongoing process. The following graph gives an illustration of the major components of the VET concept in its present stage of development:

Graph 2: The Three Pillars of the VETA's Vocational Education and Training Concept



¹³ A new project component will be the assistance to the employment section of the Ministry of Labour and Youth Development, strengthening their capacity for developing and implementing employment strategies

Modularised formal training: Up to date, the Unit Standards have been introduced for 34 trades, each of which is a comprehensive training entity. The intention is to allow trainees to choose specific separate training units, according to the skills needed, or to go for the full cycle of units. In the first case, the successful participation of each unit is certified separately, in the second case, the trainees will receive the full trade recognition after the completion of all the required training units. Within this process of modularising the existing formal training curricula, Danida has played a major supportive role.

Non-formal training: At the same time, VETA is offering non-formal training for self-employed business operators or employed workers. The training packages are specifically designed for the target group they address, by choosing existing training units of the curriculum of the respective occupation or developing tailor-made training programmes. The timing of non-formal training is adapted, so as to fit into the trainees' commitments as a business operator or employee, i.e. in evening classes. The successful participation in a course is certified accordingly. Lately, VETA has been increasing its offers of non-formal training, especially for commercial trades and to a lesser extent for technical skills.

Target oriented, integrated training facilitation: Among the three pillars of the VET concept, this component has been initiated most recently (1997). The idea was to create training offers, which target existing MSE operators within the informal sector and with a special focus on gender balance. The target group is taken as a starting point, from which local and regional market options and employment opportunities are assessed. After a subsequent training needs assessment, locally or regionally established training institutions capable of offering the training required are sought for and integrated into the process of training development. If necessary, existing relevant service providers (e.g. micro-finance or business counselling) are linked to the prospective training offer. The role of VETA within this process is conceptual and financial facilitation, and it is thereby strongly supported by GTZ.

The following sub-chapters describe those components in more detail with a focus on the character of GTZ assistance. Presently, GTZ is involved in the development of non-formal training facilitation with the aim of employment promotion and gender balanced VET provision. Parallel to those contributions, GTZ is enhancing the capacity building within the framework of VETA's decentralisation and supporting the human resource and the organisational development process.

With respect to non-formal training development support by GTZ, there are three interconnected lines of assistance, which will be presented and discussed. The first approach deals with a contribution to redesigning the training curricula into unit standards, which allow a more flexible supply of training (chapter 5.3.1). The second approach aims at developing target oriented, integrated training provision and the related facilitator role of VETA (chapter 5.3.2). The third approach explores possibilities of upgrading the traditional system of apprenticeship through external small-scale assistance (chapter 5.3.3).

5.3 The GTZ Contribution to increase Employment Relevance

5.3.1 Unit based Training Approach

One wing of GTZ contributions aims at designing manageable training sequences and training units for each respective trade. GTZ thereby closely collaborates with Danida, which has been working with VETA in this field for a long time. Existing curricula and training materials have been revised, in order to create independent unit standards for training employable skills.

Such an approach serves a double purpose. Firstly, parts of the curriculum can be taught individually, responding to the specific needs of the trainee. Secondly, crafts people already employed/self-employed can more easily access such training, because the duration of training is reduced and better geared to their respective needs and the time available. It is

assumed that such training is more cost-effective and therefore also more attractive for other training providers to adopt it. In addition, it is expected that the training candidates of the informal sector will profit from the more flexible approach to training provision, where training is better targeted, more cost-effective and shorter. It is generally agreed upon that by offering modularised training, the target population of eligible prospective trainees is increased.

In 1999 GTZ has started to develop, test and adapt such modular training for the construction sector within the framework of a pilot programme. The purpose of the pilot programme was to design unit standards (development and adaptation) emphasising self-employment in a first phase, and to subsequently assess the adequacy of the developed unit standards in the field. A preliminary assessment shows positive results, especially with regard to cost-effectiveness, adequacy of training and the integration of non-VETA training providers. However, since the pilot programme has not been completed, it is too early for conclusive remarks.

5.3.2 Training for Target Groups in the Informal Sector

GTZ has assisted VETA since 1997 in a process of developing innovative training offers for target groups in the informal sector, which fits into the pillar "target oriented, integrated training facilitation" of the VET concept.

The underlying idea is that GTZ and VETA develop a methodology for designing such target group oriented training in a pilot phase¹⁴. The basic cornerstones for that are target group orientation and adequacy with regard to the labour market and employment situation, as well as the market of goods and services. The approach aims at utilising existing institutions and their services as much as possible (e.g. existing training and credit institutions, etc.). Following the development of such a methodology, first concrete trials were implemented in several regions of Tanzania, which should pave the way for situation-specific replication of the methodology if proven successful.

It was a defined intention of the pilot programme to cover the training needs of informal sector operators and target groups with low levels of education. In addition, it was decided to give a special thrust to the development of training options for girls/women, as the existing training offers for women became less employment effective (e.g. tailoring).

For the pilot phase the field of preservation, storage and processing of food was identified as an area of presently untapped marketing opportunities. It also seemed a promising option with regard to gender balance, as food related activities are feasible and accessible for both men and women. For the curriculum planning process competent institutions could be identified, which were interested in participating and which had the capacity to do so. A heterogeneous planning team was established, which consisted of representatives of different training providers, individuals with know-how in planning, training, food processing, as well as in marketing and packaging. This team was to elaborate the specific training programme, following the methodology as introduced by a consultant.

For the development of target oriented, integrated training packages the following aspects must be taken into account:

- Desired geographic scope: For the purpose of developing training offers geared to the needs of the informal sector, a local or at most regional perspective seems to be most fit. However, even if the major focus is on the local level, an efficient linkage between local producers and the regional markets should be taken into account as a decisive criterion for the prospect of local initiatives.

¹⁴ Planning and Appraisal Guideline for Employment-Oriented Training Programmes for Groups from the Informal Sector, Division: Vocational Training and Technical Education, Ewald Gold, July 1995
Produced by Cornelia Lohmar-Kuhnle on behalf of the GTZ
Also see: Cornelia Lohmar-Kuhnle, Occupation-oriented Training and Education for Target Groups from the Informal Sector, BMZ, Bonn, 1992

- The situation on the labour and goods market: In order to ensure employment effectiveness, the labour market and technological developments have to be permanently observed. Only by doing so, market niches or trends of saturation can be identified. This is most important for the informal sector, as it is an environment undergoing constant change. The findings of such scrutiny must direct the development of the training package.
- Prevalent characteristics of the intended target group: The analysis should focus on the socio-economic environment the individuals live and operate in, as well as the most crucial characteristics of the target group itself. These include among others age, sex, education, work experience, as well as their educational and training background, their interests and ambitions. The characteristics of the target group have to be assessed through analysis and direct dialogue with the group.
- Existing local training institutions and support structure: The review of such structure should lead to a decision about the level of qualifications to be imparted, about training location and duration, about training cost, certification, the balance between theory and practice, the number of trainees, as well as the recruitment of trainers.

On the basis of the above insights, an integrated training programme, including a curricular outline, as well as training areas and features are to be designed. The matching of the needs and qualifications of the target group with the demands of the markets for labour and goods is an essential, but not always easy step. Some of the NGOs represented in the curriculum planning team took the initiative to apply the guidelines as described above for their own institutions and they came up with training project proposals.

It has now become a major thrust within VETA/GTZ to promote the development of such training projects within the regions¹⁵. VETA/GTZ has internally trained its staff to support such initiatives, who act as facilitators to the implementation of training by local institutions (NGOs, community groups, etc.). VETA/GTZ aims at upgrading the qualifications of training providers involved with regard to planning and implementation of these newly developed training offers. It is expected that these institutions will be able with their new competencies to function as initiators and facilitators of similar training in the future.

As for now, nine proposals have reached VETA headquarters, three of which have been approved and already implemented. The training initiatives cover the following areas: safe meat dressing and sale, sunflower oil, mushroom production, fish drying, growing of vegetables, fruits and trees, street food vending, carpentry, and fishing.

Summarised, the services delivered by VETA/GTZ are the following:

- Training of VETA staff as facilitators
- Targeting of beneficiaries (selection/approval of suggested target groups)
- Improving the qualifications of training providers in planning and implementation of training
- Development of training packages
- Financing, co-ordination and evaluation of several pilot programmes
- Strengthening links to other relevant service providers (micro finance, business counselling, etc.)

The approach seems to be promising, as the costs involved are relatively low. The more experiences and case studies are made, the fewer efforts will be necessary for further replication. A definite quality of the approach is that curricula are not standardised and therefore can be adapted easily to local circumstances. First experiences also show that women's strategic training needs with regard to employment promotion can be quite easily catered for with this approach.

¹⁵ For a graph illustration of the approach chosen, see chapter 6, charts 10 & 11.

However, some challenges remain. The staff within VETA responsible for the co-ordination and supervision of this process faces a task, which differs very much from the tasks they had been performing before. Such a process of change is much more difficult to manage than the supervision of a standard curriculum implementation. This process of curriculum development runs parallel to the process of decentralisation, which creates additional instability. Qualified trainers have to be identified for the "new skills" to be imparted to the target groups. And the financial sustainability seems difficult to be achieved, in particular if it is a defined goal of the programme to reach poorer segments of the society. A political decision will have to be made to what extent VETA is ready to subsidise those training programmes for the more vulnerable groups.

5.3.3 Traditional Apprenticeship

In September 1999 GTZ/VETA commissioned a study on traditional apprenticeship in Dar es Salaam¹⁶. This was done with the intention to find out, whether traditional apprenticeship training is an existing form for the transmission of know-how within the informal sector. Also it was investigated upon the possibility of upgrading such an apprenticeship system through external assistance (in the form of short periods of formal training). The study focused on eight trades, out of which four were to be male dominated (masonry, car mechanics, welding and carpentry) and four female dominated trades (catering, hairdressing, childcare and tailoring).

The study concluded that traditional apprenticeship is a widespread phenomenon, however, that it remains in unsophisticated forms. Training is all hands-on and formal instruction is non-existent. The quality of goods and services, as well as the levels of productivity in the respective enterprises is generally low and there are hardly ever written agreements between the trainer and the trainee. The system is haphazard and only rarely encourages technological innovation. However, such forms of training have the advantage of being low cost, demand driven and relevant to the world of work, and they often lead to subsequent self-employment of the graduate in the informal sector.

Although the system of traditional apprenticeship training is relatively widespread, the author of the study advises not to interfere with supplementing training courses for IS apprentices, because the system does not seem to be stable enough and sufficiently developed. This line of argument is strengthened by the fact that mastercraft people themselves rank lack of know-how very low when considering the obstacles they faced when establishing or running their business. The mastercraft people see no reason for adding an external component to the existing apprenticeship training, as they themselves managed to become self-employed on the simple basis of undergoing traditional apprenticeship or on-the-job training. However, some of the craftsmen themselves indicate lack of their own expertise, mostly in the fields of craft skills, management, finance and accounts, as well as marketing. It is therefore recommended to aim future assistance at the craftsmen themselves, rather than at their trainees.

5.4 Assessment of GTZ Approach

5.4.1 Introductory Remarks

As mentioned before, innovative approaches of vocational training for the informal sector have only been investigated and tried out recently in Tanzania. Such a process takes time, especially in the environment of Tanzania, with very slow changes in the economy and society. The informal sector has for long been denied its existence and importance and related hurdles still persist (lack of policies and guidelines, administrative and regulative obstacles, etc.). The task of developing innovative approaches of vocational training for target groups in

¹⁶ Nell and Shapiro: Traditional Apprenticeship Practise in Dar es Salaam: A Study. Prepared for VETA and GTZ, Dar es Salaam, 1999

the informal sector is therefore not only about designing appropriate training curricula, but also about dealing within in a politically debated and an only recently explored environment. The innovative approaches GTZ together with VETA is presently developing and testing must be valued against this background.

All persons involved agree that it is too early to measure the impact of the approaches chosen because the programme is not sufficiently advanced for assessing their respective employment relevance and effectiveness. What can presently be evaluated are the underlying concepts and the first attempts of implementation. When discussing the effects of the GTZ contribution, in many cases, there will be deliberations about expected outcomes derived from perceivable trends.

5.4.2 Overall Appraisal of the GTZ Strategy

The strategy of the GTZ contribution foresees an impact at three different levels. Parallel to practical pilot measures with regard to the informal sector, GTZ invests a lot of energy into institution building, as well as human resource development. The latter activities (capacity and institution building) are a fundamental necessity for a meaningful implementation of pilot projects for several reasons. First of all, donor funded pilot measures have to fit into the existing institutional structure of the host country. Secondly, VETA has to be empowered to conduct such activities on its own in the future, if they prove to be successful. This requires an adequate institutional set-up, as well as qualified staff for facilitation, supervision and advice. Also, GTZ's contribution to the policy dialogue needs to be rooted in and justified by its practical experiences in the field. No local institution would want to accept advice and comments from a donor, which is not involved in concrete actions.

This comprehensive approach has proven to be a necessary precondition for contributing in a positive way to the development of a modified VET system. The individual components of the GTZ contribution become valuable only within the framework of the totality of contributions.

GTZ is following a comprehensive approach in Tanzania, by being committed not only to the informal sector, but also the formal sector. Strengthening the formal sector is essential, because every economy needs a certain pool of skilled manpower, in order to maintain the existing infrastructure and in order to enhance technological development and investments. GTZ's involvement in the informal sector, on the other hand, can be justified by acknowledging its increasing importance for employment and income generation for the growing number of job-seekers.

GTZ is working in an environment of transformation not only with regard to the economic situation in the country, but also with regard to its immediate partner (VETA). On the one hand this poses a real challenge to the management of the programme (uncertainty, need of flexibility, etc.). A final assessment of whether the transforming environment enhances or hinders the support of innovative approaches must be postponed, until more experiences are available.

The GTZ programme in Tanzania has been criticised for the high number of studies conducted in the first phase of the project, as local partners would have preferred immediate action and direct financial contributions. Although these studies are capital intensive and time consuming GTZ and VETA were entering a field, which hardly had been explored and there was a definite need for scrutiny and a solid base of facts.

5.4.3 Demand Orientation

The two GTZ contributions focusing on developing training programmes (see chapters 5.3.1 and 5.3.2) contribute to the improved demand orientation of VET provision, although they intervene at different entry points. The development of alternative training offers has its starting point at the target group itself, whereas the basic purpose of modularising existing

curricula into unit standards is focused on breaking down formal long term training into smaller training sequences in order to also to attract participants from the IS. These unit standards, however, at the same time can be used to cater for the needs of an extended group of clients, who are interested in specific skills (upgrading and further training) rather than the full trade.

For sure, the development of alternative training programmes for the informal sector increases the extent the training offers are demand oriented. Existing producers and business operators express their interest and need for training and they are linked with existing training providers, as well as other service providers. Also, the social and economic situation of trainees is taken into account during the design of curricula, which increases the accessibility and viability of training offers. The fact that heterogeneous teams design the curricula has a positive effect on the pro-active involvement of all parties concerned with the final product, i.e. training. VETA's role is the one of facilitator and to some extent financing agency.

The fact that training will be available in modules, training units and teaching and learning elements improves demand orientation as well. Business operators and youth can choose individual sequences, which provide them with the skills necessary within their specific work environment. Modular short-time courses are much more adequate for the Tanzanian situation than institutionalised long-term training (financial and time constraints are reduced).

By providing alternative training offers and by splitting up conventional training courses into training units and teaching and learning elements, the target population addressed by the training offers is increased. The lowered entry requirements (e.g. with regard to the educational level), the changed mode of training (e.g. duration, depth) and the modified modalities are expected increase the amount of individuals requesting for training.

5.4.4 Relevance

Generally, supporting VET for the informal sector (IS) has its relevance in the Tanzanian context. Although it is widely agreed upon that the contribution of the IS towards the national economy in terms of employment and productivity is considerable, there has been little support from the government to people working in that environment. There are good reasons for VETA to exploring and financially supporting a crucial sector for national development.

Judgements about the relevance of the VETA/GTZ programme in terms of employment effectiveness can not be made at the moment, as the implementation phase has not yet been long enough. That there is ample need for career guidance, however, became apparent when investigating on alternative approaches to training. Presently, candidates also apply for training in skills, for which the market is already saturated, while trades with good chances of (self-) employment are left aside. The approach chosen by VETA/GTZ is promising with regard to improving this situation, as training provision is directly linked with market demand. The planning and implementation of training has its roots in the demands of existing economic niches, as the business operators themselves take the initiative.

5.4.5 Operational Sustainability

The operational sustainability of the VETA/GTZ approach is expected to be higher than the average among vocational training approaches, as it operates largely with existing entities. For example, existing producers/business operators and producer groups are linked with existing service and training providers and the role of GTZ is mainly a facilitating one. This change of VETA's role, combined with involving and strengthening existing training providers, as well as the provision of regional solutions to training provision seems to be very promising.

In addition, operational sustainability is enhanced through the comprehensive approach of accompanying practical pilot measures with human resource development and institution building within VETA. GTZ is investing much energy in those two fields, in order to create a stable foundation on which the innovative practical work can be based in the future.

5.4.6 Financial Sustainability

Generally, financial sustainability of the VETA/GTZ programme within the informal sector is low. Although it has been common in Tanzania to pay trainees for their participation in training the programme expects the trainees to financially contribute to the courses. However there is still a great need of innovative approaches of securing a larger variety of financial resources for training activities.

One potential way of reducing training costs in future, is to offer employment effective training and convincing potential trainees about the employment effectiveness. If such an approach shows the necessary success in its piloting phase, future trainees may be willing to cover the cost of their training, as they see the financial benefit of it. One approach is to considering sustainable strategies for the relatively richer trainees in a cost-covering mode. Another approach in addressing the needs of the more vulnerable segments of the society would require a highly subsidised non-formal training strategy. VETA has to take a political decision on this issue.

Presently, the VETA/GTZ approach of alternative training concept development has the advantage of decreasing marginal costs. With an increasing number of successful experiences the efforts and expenses decrease for creating other curricula in a similar context. However, unless a smooth system of communication and transfer of information guarantees cross-fertilisation of experiences, marginal costs will not be reduced.

The modularised training has a potential of generating more income to the training centres, as training becomes attractive to a larger clientele. If VETA structures manage to flexibly respond to these demands (which requires a high level of managerial skills) there is a chance of increased cost-coverage through the fees paid by the trainees.

The Report in Graphs

- Chart 1: The Tanzanian World of Work and its Environment
- Chart 2: The Educational System in Tanzania
- Chart 3: Social and Labour Market Demand on Vocation Education and Training (VET) System
- Chart 4: A closer Look at the Social Demand
- Chart 5: A closer Look at the Labour Market / Labour Force
- Chart 6: A closer Look at the VET System: Different Providers
- Chart 7: A closer Look at the Different Providers
- Chart 8: The Informal Sector (IS) and its Environment
- Chart 9: VETA as Facilitator for Employment-oriented Training: The Situation in 1999... a World of Transformation
- Chart 10: The VETA System as it used to be
- Chart 11: Institutional Set-up of GTZ Assistance

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Appendices

1. Terms of Reference

Concepts and Approaches of Vocational Training in the Informal Sector

Scientific support to pilot projects aiming at promoting employment – PN 96.2202.8-00.100

or

Innovative project approaches for integrated vocational training and employment programmes for unemployed target groups – PN 94.2243.7-03.111

after 2000 /2000 onwards

Vocational training enhancing employment in the informal sector (VIS)

Concept of the Programme

The target group of the project are unemployed women and men of all age groups having no or little professional qualifications, accordingly low chances of being employed, low income and consequently a highly insecure subsistence. The programme aims at the further development of concepts and approaches of vocational training in the informal sector. The core element of the programme are potential contributions and procedures for enhancing the development of technical (professional), as well as the entrepreneurial competence of the target group.

Deliberations on assistance to the improvement of professional skills in the informal sector are closely linked to approaches of support to smallest, small and medium scale entrepreneurs, of help for self-help and institutional development, to approaches of rural development, of vocational training and to strategies of poverty alleviation. The programme's concept of qualifying people of and within the "people's economy"¹⁷ aims at the improvement of education, development and the economic use of human resources by the people themselves.

The programme can only contribute to the management of know-how and innovation, but will not promote a direct support to target groups. The collection, analysis, reflection and publication of experiences, thoughts and perspectives with regard to different approaches and the impact/ effect of different types of programmes aiming at professional qualification shall be supportive to future project work and the extension for system's development.

Results of the project

Within the framework of the project the following results shall be achieved (also see PPM of VIS for results):

- **Extension and support for the collection and analysis of the magnitude of (scattered) experiences** from within the field of technical co-operation. This addresses selected projects aiming at economic betterment through traditional and non-formal vocational training in the informal sector enhancing employment effectiveness. For the analysis of experiences, the project offers support through professional human resources.

¹⁷ non-modern, non-formal, traditional part of the economy, subsistence sector, informal sector.

- **Extension and support for the formation of a forum (FoVIS)**, in which subject related experiences in projects of technical co-operation can be presented and discussed and which can serve for the exchange of experiences and the dissemination of innovations. In the beginning the analysed experiences of some projects shall be made available for stimulating the dynamics of the forum. Later on and if there is an interest for it, an annual meeting shall be initiated for those interested. Within the framework of the programme we offer organisational and conceptual services.
- **Extension and support for the conception and planning** of project or project components, which aim at the enhancement of effective employment¹⁸ and technically qualified services in the "people's economy". Potential commissioning parties/ clients shall be presented the spectrum of approaches and shall be supported with supplying internal and external professional expertise. The project staff members offer their expertise with regard to conceptual extension for vocational training enhancing effective employment and increased income.

Contribution of the participating projects

The advisors of the projects aiming at the technical professional qualification can put concrete and tested solutions at everybody's disposal by systematically documenting their concepts, procedures and experiences. Experience has shown that the exchange and comparison of experiences among projects is smoothed, if the interested advisors concentrate on a bundle of similar questions and if they focus with their subject-related contribution towards a shared formulation of problems.

Participation in integrated management of know-how and the reduction on core subjects at a first stage are preconditions to success. For this purpose, the sectoral project can offer support in the form of extension and to a limited extent in the form of independent expertise. The responsibility for the concrete organisation of the assignment of an independent expert in a project, as well as the use of related extension services lies with the project team.

Contribution of consultants

The independent experts foreseen shall support the project team in analysing their experience and shall either supportively contribute to the description of experience or become the overall in-charge of the description. The analysis of experience shall be strongly guided by the questions listed below, unless project specific modifications seem utterly necessary. The resources of the programme do not suffice for a systematic collection of information and data within the context/framework of a separate project. Rather, the existing information which is being gathered and analysed within projects in the course of regular procedures shall be condensed and structured with regard to a dialogue among related projects.

Furthermore, the experts shall support the respective team of advisors by preparing the presentations, which shall take place within the framework of the forum for vocational training in the informal sector (FoVIS) by the end of the year 2000 for the first time. Also, project-specific presentations and subject centred descriptions based on the conclusions within the FoVIS are desirable outputs. For that, P&D offers organisational support.

Within the framework of the programme consultants' expertise is offered to the projects, which do not encounter any related costs for salary or allowances. Experienced independent experts can be sought for through headquarters, however, circumstances permitting they can also be recruited locally and employed under ToR jointly agreed upon.

Contributions by P&D

The planning officers in question take the role of facilitators. We give advice with regard to the concept of the project, we plan and make a budget for the specification of inputs and costs, and we offer organisational services and the assignment of independent experts. It is our goal to create a network for existing experiences and concepts among the projects themselves, as well as with experiences and

¹⁸ Employment and/or activities which result in material income and/or the access to immaterial services or goods, as well as employment and/or activities which reduce expenses partially or entirely.

concepts available in Germany. We expect a conceptual and entrepreneurial surplus from the joint elaboration of a profile of contributions in the field of relevant professional qualification with regard to the labour market and income for a wide community of marginalised groups within the informal sector. The collection, presentation and marketing of experiences shall contribute to the further qualification of advisors, as well as to the creation of new fields of expertise.

Guidelines for documentation and discussion

The goal of the guiding questions below is to structure the experiences, which the different project have and to ease the communication and presentation of findings. Here, it should become apparent that the programme serves several purposes. There can be made additions, clarifications and improvements to the questions. The questions suggested try to describe the subject and the "goal of description" tries to describe the essence of the expected insight.

The results shall be made openly accessible in the form of project-related documents, as well as in the form of workshop and presentation materials.

The description shall be concise in text, but well elaborated in figures and hypothesis. Furthermore, it shall stimulate the visualisation of complex conditions, as well as in the discussion.

1. What is the state of affairs with regard to services in the project environment (the country), within which professional, commercial and technical skills are imparted?¹⁹

- Which organisations and institutions (schools, NGO, QaNGO, enterprises, associations, chambers etc. in urban and rural context) are involved?
- Who offers training in which sector, professions and skills (e.g. carpenter, electronics, welding, poultry husbandry) and to what extent?
- Who trains whom with what goals and expectations (mutual benefit, competence)?
- How is training/ education organised and structured (dual, in modules, in phases, short-term workshops, short-term of long-term training, on-the-job, traditional, non-formal, etc.)?
- How do the socio-economic circumstances of training/education look like (traditional, informal or formal/ modern settings for training and teaching, educational and working conditions, institutional training, time and venue of training, subsidised or non-subsidised training, salaried or non-salaried training, etc.)?
- How do financial aspects influence the circumstances of training (government budget for basic funding or funding of entire training, scholarships, subsidies, international loans and grants, fees, other contributions)?
- Which legal regulations do exist and are in what way are they relevant for the training within the existing economic system (are legal regulations supportive or counter-productive, are they circumvented)?

Goal of the description is

(eventually a graph) description of the state of affairs with regard to services within a setting of institutions and interest and in the form of a (hierarchical) map of the services within the project circumstances or the country.

2. In which points/ spots does the project intervene and with which contribution?

- Which counterpart organisations at the level of executing agencies, implementing agencies, intermediaries (service providers, enterprises) receive or supply training and support services (development of curricula, standardising, certification, teaching and learning materials, teachers' basic and further training) for the target groups of the project?

¹⁹The following questions and the keywords in brackets are not exhaustive, but they should to specify and clarify the intention of the question. In a specific and concrete case the categories may even be totally inadequate. Here, the aim is solely to hint at categories which can in principle contribute to the comprehensive presentation of the state of affairs with regard to services of vocational training and further education.

- How and by whom are partner institutions for the project (executing and implementing agencies, as well as target group organisations) identified and convinced to participate in the project, and which interests and perspectives are (potentially) related to their participation)?
- How is the supply of training controlled? I.e. how do agencies offering training on different levels determine the respective demand?
- Which offers are financed by whom and how (financially, participatory?) do different target groups (entrepreneurs, trainees, trained, training officers, labour administration, regional and social development projects) articulate their demand?

Goal of the description is

(eventually a graph) description of fields and tools of the programme, as well as the description of areas, in which the project intervenes in the existing state of affairs with regard to services through extension and resources.

3. What are the results/ effects of separate or bundled measures within the programme?

- What are the observable an/or measurable and provable results (not only outputs) of the programme within a certain period of time?
- How does the cost-benefit ratio look like, i.e. the ration between (no only quantitative/ financial) inputs in the form of e.g. more efficient administration of training/ education, or a smoother (institutional) balancing of supply and demand of employees and experts or the increased economic benefit for many people?
- Are the measures within the programme replicable with regard to employment of funds and inputs? Would the personal and material resources of the interest groups involved suffice to introduce and maintain the tested approach on a large scale?
- Is there a strategy for replication (e.g. copying specific structures and procedures to neighbouring regions, sharing of experiences and insights about the effectiveness in the extension on systems development)?
- Is there a concept for financing (socio-political perceptions about who is responsible for organising and financing vocational training and who should profit, as well as about who bears the cost of training in a pilot phase and later in the phase of replication)?

Goal of the description is

(eventually a graph) description of the changes within the network of existing services, which lead to an increased benefit for individual training graduates, to an increased number of graduates, to an improved participation of stake holders and to the independent functioning and the capacity of self-correction/regulation of the system.

4. What conclusions can be drawn and what advise can we offer political decision-makers?

- What are the lessons learnt with regard to the type and contents, the organisation and financing, as well as the economic and political benefit of vocational training? (Background question: Why should technical co-operation invest, why should the regular budget cover the costs of vocational training for the informal sector?)
- What are the lessons learnt with regard to planning and implementation of measures of vocational training through technical co-operation? (Background question: Where are our strong achievements, where can we improve? Why should we be commissioned for the implementation of other measures?)
- What are the lessons learnt with regard to the organisation of GTZ management of innovations, know-how and quality? (Background question: Value of self-observation/ monitoring of own programmes within the framework of the sectoral project for improving GTZ technical-organisational procedures and programmes?)

Goal of the description is

a presentation of the benefit of such programmes for the target group and potential clients (and observation/ assessment of own conceptual and organisational achievements and skills).

2. Project Planning Matrix

	PROJECT PLANNING MATRIX (PPM)	Project Vocational Education and Training Country Tanzania Project No. 94.2145.4	Orientation phase 07/97 to 06/2000 First PPM revision prepared on 6.5.1998	1
Summary of objectives/activities	Indicators	Sources	Assumptions	
Goal VET system in Tanzania is sustainably improved	Chances for employment and self-employment are increased for different target groups	<ul style="list-style-type: none"> • Project Survey Report 	<ul style="list-style-type: none"> • The economic, political and social environment is conducive and positive to changes 	
Project Purpose VETA has an elaborate implementation strategy and is gradually enabled to effectively carry out the co-ordination and facilitation functions for the VET system	PPI.1 By end of 1999 a VET policy paper is existing and is agreed upon by stakeholders PPI.2 By end of 1999 an updated SAP and Monitoring and Evaluation system is in use PPI.3 By end of 1999 a draft training concept is available	<ul style="list-style-type: none"> • Project Survey Report • VET providers surveys 	<ul style="list-style-type: none"> • Other stake holders are co-operative • Other donors maintain support to VETA in implementation of SAP 	
Project Results PR1: Dar es Salaam Region VET concept regarding social and market demand is developed PR2: Gender specific proposals on how to integrate non-formal training modes into the VET system are available PR3: Entrepreneurial values and commercial skills are integrated in VET programmes in Dar es Salaam Region PR4: VETAs organisational effectiveness is improved PR5: Medium term co-operation between VETA and GTZ is clarified and operationalised	PRI1.1 By end of March 1999 assessment reports are finalised and results used to develop a concept paper PRI-2.1 Two pilot programmes are implemented by 06/1999 and the majority of participants in the pilot area express satisfaction PRI-3.1 An integrated curriculum is in use by at least three training providers by end of 1999 PRI.5 A proposal for the continuation or termination of the project is presented by 06/1999	<ul style="list-style-type: none"> • Project assessment documents • Dar es Salaam Region documents • project documents • management reports 	<ul style="list-style-type: none"> • Other providers are willing to cooperate • Employers are willing to employ the graduates 	

	PROJECT PLANNING MATRIX (PPM)	Project Vocational Education and Training Country Tanzania Project No. 94.2145.4	Orientation phase 07/97 to 06/2000 First PPM revision prepared on 6.5.1998 2		
Activities to Output 1		Activities to Output 2		Activities to Output 3	
<p>1. Dar es Salaam Region VET concept regarding social and market demand is developed.</p> <p>1.1 Assess the labour market (formal) and the informal sector in regards to employment opportunities while considering gender imbalances.</p> <p>1.2 Assess the self-employment opportunities in regard to target group and gender-specific concerns.</p> <p>1.3 Assess the quality and quantity of outputs of VET providers for both formal and informal training.</p> <p>1.4 Assess the acceptance of the outcome of the actual training by the labour market.</p> <p>1.5 Assess the adequacy of curricula.</p> <p>1.6 Identify shortfalls as per assessments results and recommend changes.</p> <p>1.7 Develop appropriate training programmes.</p> <p>1.8 Develop gender specific concepts according to demand.</p>	<p>2. Gender specific proposals on how to integrate non-formal training modes into the VET system are available.</p> <p>2.1 Assess gender-specific needs for training in the project area.</p> <p>2.2 Develop gender specific concepts according to demand.</p> <p>2.3 Synthesise experiences and develop a concept paper.</p>	<p>3. Entrepreneurial values and commercial skills are integrated in VET programmes in Dar es Salaam Region.</p> <p>3.1 Sensitise teachers and trainees on entrepreneurial values and commercial skills.</p> <p>3.2 Assess availability and quality of entrepreneurial promotion programmes and link training activities with these programmes.</p> <p>3.3 Support entrepreneurship training packages for entrepreneurs to be.</p> <p>3.4 Support entrepreneurship training packages for entrepreneurs.</p>			

 	PROJECT PLANNING MATRIX (PPM)	Project Vocational Education and Training Country Tanzania Project No. 94.2145.4	Estimated phase period 07/97 to 12/99 First PPM revision prepared on 6.5.1998
Activities to Output 4		Activities to Output 5	Pre-conditions
<p>4. VETA's organisational effectiveness is improved within the framework of the VETA Act.</p> <p>4.1 Design strategies for improving organisational effectiveness.</p> <p>4.2 Assist in preparation for change management.</p> <p>4.3 Assist in gradual implementation of organisational changes.</p> <p>4.4 Assist in clarifying roles, responsibilities and functions of the Regions and Central offices of VETA.</p> <p>4.5 Assist in formulating a VET policy and implementation guidelines</p> <p>4.6 Participate in national level education and training reviews</p> <p>4.7 Assist VETA to participate in national dialogue on matters of VET and employment.</p> <p>4.8 Support and strengthen the monitoring and evaluation of VETA programmes in respect to VET policy and the Act.</p> <p>4.9 Conduct studies regarding objectives and functions of VETA which are not yet adequately covered, for example cost effectiveness, VET for disadvantaged groups.</p> <p>4.10 Contribute to the improvement of the financing system to ensure financial sustainability.</p> <p>4.11 Contribute to co-ordination of donor support.</p> <p>4.12 Promote women participation in VET system.</p> <p>4.13. Qualify VETA staff in respect to project activities.</p>	<p>5. Medium term co-operation between VETA and GTZ is clarified and operationalised.</p> <p>5.1 Set date for ZOPP IV and PLOP and implement.</p> <p>5.2 Conduct project progress review and report.</p> <p>5.3 Prepare project document for inter-governmental consultations.</p>	<ul style="list-style-type: none"> • VETA employs professional staff for regional level in time • Decentralisation process is implemented in 1998 • Budget for the infrastructure of the Dar es Salaam Regional Office is allocated and disbursed in time 	