

Thursday, 27th February, 2020

MINISTERIAL STATEMENT
ON
SKILLS DEVELOPMENT LEVY
BY

THE HON. MINISTER OF HIGHER EDUCATION, MR MUSHIMBA, MP

Mr. Speaker, I wish to thank you for giving me yet another chance to address this august House on the Skills Development Levy (SDF), that was enacted in 2017, through an Act of Parliament in order to promote vocational skills development in the country. This statement will try to speak to the implementation of the levy thus far, the impact it has had since its introduction and the benefits that it has brought to education and capacity building in Zambia.

Sir, as stated, Government enacted the Skills Development Levy Act No.46 in January 2017. The collection of this levy from all employers in the country at 0 to 5 per cent of their gross payroll of the levy is done through the Zambia Revenue Authority (ZRA). The funds are then transferred to the Ministry of Finance and the Ministry of Finance later transfers the funds to the Ministry of Higher Education, the implementing ministry.

The main objective of this levy is to provide financial resources for skills development at vocational level in Zambia. It does this by matching the demand of the industry to the supply chain which is represented by the vocational training institutions. It recognises the fact that vocational skills needs are constantly changing both in the private and in the public sectors and there is need to respond quickly and in a sustainable way to these demands and changes.

Sir, before I go any further, I would like to share the releases from the Ministry of Finance to my ministry of the levy that has been collected in the previous years. In 2017, K73, 545, 840 was released from the Ministry of Finance to my ministry for the purpose of executing the objective of the levy. In 2018, K94, 802,912 was released, last year a K12, 111,999 was released.

Mr. Speaker, a fund was created called Skills Development Fund to house and manage the transparently this Skills Development Levy. This fund is domiciled at the Technical Education

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Vocational and Entrepreneurship Training Authority (TEVETA) and is managed by combined management committee of government ministries and the private sector representatives. From the private sector we have Zambia Federation of Employers (ZFE), Zambia Chamber of Commerce and Industry (ZACCI), Zambia Chamber of Small and Medium Business Association (ZCSMBA), Zambia Association of Manufacturers (ZAM) and Zambia Chamber of Mines (ZCM) as fund management team members. On the Government side, Government is represented by the ministries of Finance, Youth, Sport and Child Development, Labour and Social Security and the Ministry of Justice. The Ministry of Higher Education serves as a secretariat. The combination of these stakeholders in the management of the funds I meant to ensures transparency in the utilization of the collected financial resources.

Sir, the fund managers have established a financing platform that purchases vocational training services from both public and private training providers on competitive basis for skills development in both the formal and informal sectors of the economy. The implementation process has been formulated in such a way that the framework covers all components of the vocational sector training in an efforts to meet the objectives and aspirations of the Seventh National Development Plan (7thNDP) under Development Outcome number two that provides for improved education and skills development.

Mr. Speaker, to further ensure higher impact of the fund standardized guidelines have been developed to guide the access of the resources from the fund. The implementation of the fund is conducted through four clearly outlined financing frameworks called windows. These are:

Window 1: Employer Based Training

The Employer Based Training (EBT) window is important and critical for employers as it provided them access to this fund to finance some of their training needs. Sir, from inception to date, K30 million has spent under this Employer based In-service Training.

The companies that have been supported through this window were drawn from the energy industry, the agriculture industry, the manufacturing industry and the mining sectors.

Window 2: Capital Investment and Development

K160 million has been spent under this window and this has gone to infrastructure development. The physical infrastructure development has included the procurement of equipment and systems to support capacity building in Technical Education, Vocational and Entrepreneurship Training (TEVET) institutions.

Mr. Speaker, further, the fund has made resources available for the completion and operationalisation of the new vocation colleges at Mwense, Isoka and Kalabo Trades Training Institute in the recent past. Additional institutions are being completed using the same fund. These are in Mumbwa, Lundazi, Sesheke and Mporokoso and we plan to complete these trades training institutes before the end of 2021.

A further K30 million has been spent on modernisations and upgrades to existing vocational institutions such as upgrading hostels at Luanshya Technical and Business Colleges, Kitwe Vocational Training Centre, Zambia Institute for Business Studies and Industrial Practice, St. Malgary in Chipata, Lukashya and Ukwimi Trades Training institutes.

Mr. Speaker, it is also important to point out that the Ministry of Higher Education has been conducting scoping exercises in order to identify sites for possible new constructions of new trades training institutes. So far, we have scoped the Chilubi Island, the Zambezi District, Lavushimanda and some districts in Mafinga District among others.

Sir, you can see that through this fund alone, the ministry is able to bring skills and economic activities to outlying and under-served areas in line with the aspiration of the Seventh National Development Plan (7NDP), which says, ‘we will take skills development to all parts of the country without leaving anyone behind.’

Window 3: Pre-employment Training

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Mr. Speaker, under this window, the Ministry of Higher Education through the Skills Development Fund (SDF) has been providing bursaries in various skill areas to students that had been applying at our vocational institutions. Through the provision of these bursaries, the ministry has been able to promote the participation of learners from rural areas as well as those from the under privileged backgrounds and promote inclusive skills acquisition by the youth lacking financial capacity. The fund has spent over K90 million on these bursaries. Last year alone, 6,140 applicants were awarded with bursaries. In fact, 100 per cent of all the applicants to our vocational institutions were awarded bursaries using this fund.

Window 4: Support to Informal Sector – Small and Medium Enterprises (SMEs)

Mr. Speaker, since its inception, the SDF has invested about K23 million in up skilling and re-skilling of the SME and the informal sector. Through TEVET, the skills training is being delivered even in the remotest parts of the country as it is accessible to all TEVET registered institutions.

Sir, from the foregoing, it is important to appreciate the Skills Development Levy is not only meeting its intended purposed or providing relevant skills to industry, but also providing access to skills training for self employment and wealth creation in order to reach and other rural areas of the country. The fund through the established levy is changing lives for women in Mwense, school leavers in Lukashya, Kasama Girls and Boys, in Choma and Mongu, out of school youths in Kalingalinga and out of employment youths in Chipata among many other beneficiaries.

Mr. Speaker, with this in mind and as I conclude my ministerial statement, allow me to commend and applaud the private sector for their commitment and contributions they have been making towards this effort and we will calling upon them to walk with Government in making sure that vocational skills are given to our youths so that they can employ themselves if the industry does not employ them.

Mr. Speaker, I thank you.

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