Addis Ababa University

Addis Ababa Institute of Technology


# THE IMPACT OF FINANCIAL MODEL ON THE QUALITY OF EDUCATION IN ADDIS ABABA TEGBAR-ID POLY TECHNIQUE COLLEGE

THOMAS MAMO

Advisor: Dr. Birhanu Beshah

Co- Advisor: Mr. Yichalewal Goshime

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# THE IMPACT OF FINANCIAL MODEL ON THE QUALITY OF EDUCATION IN ETHIOPIA TVET COLLEGES

(A Case of Addis Ababa Tegbare-Id Poly Technique College)

Thesis

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By

Thomas Mamo

Advisor: Dr. Birhanu Beshah

Co- Advisor: Mr. Yichalewal Goshime

School of Mechanical and Industrial Engineering

Institute of Technology

Addis Ababa University

Oct, 2019

The thesis titled “IMPACT OF FINANCIAL MODEL ON THE QUALITY OF EDUCATION IN ETHIOPIA TVET COLLEGES” (A CASE IN TEGBAR-ID COLLEGE) by Mr. Thomas Mamo is approved for the degree of Master of Science in Industrial Engineering

Board of Examiners

| | Name | Signature |
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| Advisor | _____ | _____ |
| External Examiner | _____ | _____ |
| Internal Examiner | _____ | _____ |

Date: _____

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## Abstract

*This research, entitled as The Impact of Financial Model on the Quality of Education, is a qualitative, interpretive, cross-national comparative study which explores, analyses and compares the institutional financing system of Tegbare-id and Selam to identify their nature, similarities and differences. Past scientific works related to the case were critically reviewed and gaps were identified from the review which identified the major driving and impeding factors those affect education quality. Based on the gap identified from the review, empirical investigation were done to verify the literature analysis. The results of the study revealed that the technical and vocational education and training sector is circumscribed by numerous challenges, which include under-funding, inadequate teaching and learning facilities, and poor governance. Other serious challenges facing the sector which derived from the investigation include inadequate qualified personnel and poor public perception of the sector. Therefore, the financial system implementations in Tegbare-id is limited and poor in providing the much needed skills required for employment, economic and national development. The analysis was supported by descriptive statistical methods. To alleviate the challenges an improved financial model which fills the gaps and improves education quality of the case institute was developed. Finally, outcomes of the study were concluded and possible measures were recommended by the researcher.*

**Keywords:** Financial Model, Technical and Vocational Education and Training (TVET), Comparative Analysis, Financial system, Funding.

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# CHAPTER ONE

# 1. INTRODUCTION

## 1.1.Background

According to UNESCO (2010), education has the power to transform lives. It broadens peoples' freedom of choice and action, empowering them to participate in social and political lives of their society, and equipping them with the skill they need to develop their livelihood (UNESCO, 2010:135). Thus, people need to have the chance for being exposed to education in general and practical skill of training in particular. This exposure would help them to insure their existence and contribute in building their country's economy. UNESCO also notified the following expressions with regard to the role of education:

> *"Since education is considered the key to effective development strategies, technical and vocational education and training (TVET) must be the master key that can alleviate poverty, promote peace, conserve the environment, improve the quality of life for all and help achieve sustainable development"*. (UNESCO, 2007:17)

When we come to our case, this practice of technical and vocational education and training has significant role on the overall development of the nation. The overall objective of the Ethiopian National TVET Strategy is:

> *"to create a competent, motivated, adaptable and innovative workforce in Ethiopia contributing to poverty reduction and social and economic development through facilitating demand-driven, high quality technical and vocational education and training, relevant to all sectors of the economy, at all levels and to all people"*(MOE, 2008: 12).

TVET is an integral part of the Education for All (EFA) initiative and through its orientation towards the world of work and the acquisition of skills play an essential role in promoting a country's economic growth and contributing to poverty reduction; ensuring the social and economic inclusion of marginalized communities. Bunning & Zhao, (2006:19) stated that

training and education are increasingly integrated into production and work-processes to achieve a balance between implicit experienced learning and systematically contextualized training processes. Moreover, Yikunuamlak (2000:13) mentioned that the primary function of vocational education is to assist individuals in building desirable and effective work habits and gain the required knowledge and skills of occupation to either enter and/or make progress in it.

Besides, quality technical and vocational education and training (TVET) help develop the individual's knowledge of science and technology in a broad occupational area requiring technical and professional competencies and specific occupational skills (UNESCO and ILO, 2002: 2). As economic, social and technological change gathers pace, people everywhere need to develop their knowledge and skills, on a continuous basis so that they can live and work meaningfully in the knowledge society. Education and training contribute to an individual's personal development; increase her/his productivity and incomes at work, and facilitate everybody's participation in economic and social life. It follows that education and training can also help individuals to escape poverty by providing them with the skills and knowledge to raise their output and generate income.

The other issue pertaining to TVET is quality. At the very center of quality, technical and vocational education and training lies an effective interaction between trainers and trainees. In fact, an overall improvement in vocational skills for employability and citizenship can only be realized if there is an improvement in the quality, effectiveness and relevance of training. Many, both in the developed and developing countries, are increasing the emphasis on improving the capacity of technical and vocational education and training (TVET) systems, in recognition of the important role TVET plays in equipping individuals with relevant skills and knowledge for the job market. TVET can also better enable individuals to participate in social, economic and technological innovation processes. Therefore, embedding TVET into regional and national innovation structures is of paramount importance to the economic performance and social development of countries. Having a pool of skilled and knowledgeable people within the TVET industry is as important to the TVET industry as it is to the industries TVET serves (Bunning & Zhao, 2006:17).

The development of effective programs of TVET also requires a great deal of attention to the facilities needed for good instruction. Training for high-quality skills requires appropriate

training equipment and tools, adequate supply of training materials, and practice by the learners. Other requirements include relevant textbooks and training manuals and qualified instructors with experience in enterprises (African Union, 2007:38).

Meanwhile governments in sub- Saharan Africa have faced some of the toughest challenges in reforming TVET. Finance is part of the problem institution across the region. They suffer from a familiar combination of under investment in equipment, low pay for instructor and problems recruiting qualified staff, and higher per capital cost four times that of secondary schools due to small class size than general education(UNESCO, 2010:87). Survey reports, for example, Tigist (2014) studied that the TVET situation in Ethiopia and concluded that TVET face various challenges. According to her view, some of the problems are the dynamics and changing demand of skilled labor, uncooperativeness of enterprises and the society to implement TVET programs and expensiveness of the program by its nature, lack of career guidance and counseling and the like. The challenge mentioned above gets occur in the study college – Tegbare-id poly Technique College.

In Ethiopian TVET, quality is directly related to the achievement of the learning outcomes (knowledge, skills and competence achieved at the end of the learning process) that fulfils the key stakeholders' expectations: - students, parents, employers and community in general Continuous enhancement of the quality of TVET system is a key priority to any nation that desires to reap the benefits of this all important aspect of education system.

Tegbare-id were established 1942 (1934 E.C). The college provide the training in industrial sector in ten departments for 5,405 trainees using 260 trainers. (College Report, 2018). For each year budget allocated from the government running the training properly. The goal of the college is to prepare students, trainees, and apprentices who can then easily enter the labor market. Tegbare-id have to realize their role as service providers for the country's economy.

Tegbar-id currently using governmental financing model. This model have their own advantage and disadvantage. This study will be assessed the impact of this model on the performance of the College. This study also evaluates the current practice of the national TVET strategy.

## 1.2.Statement of the problem

Appropriate workshop equipment, adequate supply of training materials, and practice by learners are the requirements for high quality skills training (African Union, 2007:23). However, technical and Vocational Education and Training programs in developing countries, like Ethiopia face lots of challenges to achieve the above requirements. Inadequate instructor training, obsolete training equipment, and lack of instructional materials are some of the factors that contribute to reduce the effectiveness of training in meeting the required knowledge and skills objectives. As described by TVET strategy of the country, low-quality and theory-driven teaching due to resource constraints, lack of skilled TVET teachers, under-funding, resource shortage, lack of adequate place of work and running costs are the basic challenges. (MOE, 2008: 11).

According to Addis Ababa TVET bureau report (2010 E.C), the key performance indicators at each phases of the process are: inputs indicators (trainee demand, trainee entry qualification, trainee background characteristics, staff/trainee ratio, labor market responsiveness, effectiveness of staff, supplying training materials etc.), process indicators (trainees learning achievement, trainee satisfaction, stockholder satisfaction, trainees provided work placement) and output indicators(average final grade, program productivity, graduate satisfaction, employability of graduates etc.). All the above indicators are highly related to quality training and also related to directly/indirectly with adequate training resources.

The training methods have two major approaches: 30% of the time to the acquiring of knowledge within the college and 70 of the time to intensive practical exercises which covered all the industry practical trainings. Hence, the practical part needs high investments to purchase teaching consumable and non-consumable materials every years by using open bidding system which takes more time. Consequently, much training time will be wasted due to this ridged purchasing rules. Because of this, trainers are forced to spend the highest training time for the theory part. All these problems were raised due to lack of skilled manpower; not fully practicing according to the current TVET strategy, use of obsolete equipment that have been used for decades, lack of adequate facilities, etc, which in turn raised due to bureaucratic system and

related. Unlike to government-owned TVETs, private TVETs have better performance and competent graduates due to their independent and democratic financial system.

### 1.3.Research questions

- What are the recent practices and challenges of Ethiopian TVETs in general and Tegbare-id TVET college in particular with regard to graduating competent trainees?
- How financial system influences training quality in TVETs?
- How can Tegbare-id TVET college give quality training?

## 1.4. Objectives of the study

### 1.4.1. General objective

The general objective of this study to assess the impact of financial model on the training quality of Tegbare- id poly technic college.

### 1.4.2. Specific objectives

- To investigate the current practices and challenges of Ethiopian TVETs with regard to producing competent graduates to the local and global market.
- To identify the factors that promote TVET for improving quality.
- To improve internal system which foster education quality on Tegbare-id TVET college.

## 1.5. Scope of the study

The study is limited to assess the impact of financial model on the quality of education especially in TVET institutes in Addis Ababa. The city administrator has around thirty one TVET institutions. Of these six of them are poly technique colleges. But the study focuses on only one poly Technique College from public that is Addis Ababa Tegbare-id Poly Technique College.

## 1.6. Significance of the study

This research is essential in the sense that it will help the researcher to understand issues about funding higher education in Ethiopia, it can serve as a source of literature on higher education funding in Ethiopia and elsewhere. It can also shape the funding within Ethiopian's higher

education when referred by policy makers. It will serve the policy makers to design alternative funding policies for higher education in Ethiopia to ensure quality, efficiency, equity and access. Educational institutions are vital for the promotion of the primary processes of teaching, learning and research.

### 1.7. Limitation

One of the problems that the researcher encountered was shortage of reference materials, and there is lack of previously done researches which are related to the study on the impacts of finance in Ethiopian TVET. Those issues could be limited the findings of the study to some extent.

### 1.8. Organization of the study

The study comprises five chapters. Chapter one is the introductory chapter which handles problem of statement, objectives of the study, and also significance of the study. Chapter two explains the relevant literature on financial models and TVET training in Ethiopia, funding models in higher education and their effects. The third chapter will be about different methodological approach of the study. In the fourth chapter focuses on data analysis and interpretation, finally conclusion and recommendation of the research.

# CHAPTER TWO

# 2. LITERATURE REVIEW

## 2.1.Concept of TVET

The current vocational education system called TVET system defined as combination of theory, practice, elements of education such as specific calculation of knowledge about certain materials, working methods and so on combined with practical training through instruction in the work shop of a training institution or practical work in an enterprise. While the T(technical ), in TVET appeals to be different and higher level (above higher education ).The V(vocational ) is linked with specific practical occupations which include training and upgrading in all occupation fields of agriculture, industry, crafts and the service sector (ECBP,2006). TVET is concerned with the acquisition of knowledge and skills for the world of work. In the past various terms have been used to describe elements of the field that are now conceived as comprising TVET. The second international congress on Technical & Vocational Education held in Seoul in 1999 decided that the most comprehensive term to use is technical & Vocational Education & training (TVET) (MoE Rwanda, 2008).

According to UNESCO (2006), the definition of TVET : "……. refers to all forms & levels of education process involving, in addition to general knowledge the study of technology & related sciences & the acquisition of practical skills, know how, attitudes & understanding relating to occupations in the various sectors of economic & social life". "…… in educational institutions or through Co-operative programs organized jointly by educational

institutions, on the one hand and industrial, agricultural, commercial or any other Undertaking related to the world of work, on the other. This is any education, training & learning activity leading to the acquisition of Knowledge, understanding & skills which are relevant for employment or self-employment. TVET serves here as an overarching term to describe all kinds of formal, non-formal and informal training & learning provided by or in all different institutions, providers & learning locations. To comprehend the concept deeper it is necessary to conceptualize terms constituted in the concept of TVET.

### 2.2.Principles of TVET

TVET in Ethiopia has various conceptual & non Conceptual principles. One of the conceptual principles is "stakeholders involvement" specifically stakeholders are needed to play a major role in various function as the TVET system, one of these function is stakeholders are needed since they contribute much to the success of the system by participating in "TVET delivery through the provision of training to their own staff, offering internship to trainees & providing apprenticeship training." Concerning TVET delivery, the non-public sector needs to play a decisive role. It already contributes significantly through in-company TVET schemes & in particular, through wide spread traditional apprenticeship training provided in the micro & small business sector. In addition to these employer based TVET schemes, non-government TVET institutions will become an increasing important pillar of the overall TVET supply. Hence, in short among various role of improving & widening training delivery made in the central role that stakeholder could play; this led us to the discussion cooperative training which warrants a genuine Cooperation between TVET institution and stakeholders.

Tegbare-id signing agreements from different companies and micro and small enterprises to deliver training cooperatively. But more of the industries does not follow the occupational standards the trainees in the industry doing unrelated tasks. The trainers also does not follow properly in the industry. The trainees also absents most of the training time from the industry.

### 2.3.The TVET System in Ethiopia

As in many developing countries the world over, TVET has been given an insignificant attention and low status from the public of Ethiopia. Behind this lie various factors with perilous

consequences. Among these is the act of discouraging and shrinking instead of encouraging, improving and inspiring the development of arts and crafts in the country takes the first place. This in turn has left behind problems of misconception and prejudice for arts and crafts since ages ago. The extent of this misconception and prejudice goes to the worst level whereby artisans and blacksmiths have been considered not only as low caste people but as sinners in the social life of the society as well (Teklehaimanot, 2002).

Even in modern times, the majority of the community understands the training institutions as the dumping ground of the dumb, low achieving secondary school completers. Therefore, parents hardly think of blue-collar jobs for their children and hence most have been shying away from taking part in TVET for decades. As a result, young candidates have been joining and graduating from the TVET system with low self-efficacy and hence the misconception for TVET has been so strong that its enrollees and graduates themselves cannot shake and crack for ages old. Under this circumstance, those who were enrolled used to graduate and join the unemployed social group with all the skills they acquired unutilized, irrespective of the status of their competence.

Nevertheless, as of not more than three decades Ethiopia has started endeavoring to change the public misconception and maximize its benefits from TVET. Particularly, the year 1994 can be taken as the turning point in this regard. This was the time whereby the newly assumed Transitional Government of Ethiopia (TGE), which replaced the Derg regime, has introduced the Education and Training Policy in 1994 that gave a due emphasis for TVET and the involvement of the private sector in TVET delivery in particular and the need for overall partnership in general (TGE, 1994; MoE, 2006; 2010; Teklehaimanot, 2002; UNEVOC, 2000). In consequence, reliable information shows that Ethiopia's TVET enrolment rate has been among the lowest ranking countries of the world. When compared with that of sub-Saharan Africa itself TVET enrolment rate is still at the bottom rank which further reflects the seriousness of the problem of access for TVET in Ethiopia (Kitaev, 1999). It has declared its commitment by the following policy statement: "Parallel to general education, diversified technical and vocational training will be provided for those who leave school from any level of education" (TGE, 1994, p.32).

Moreover, the new government who understood that continued government efforts alone did not enable to accommodate all eligible candidates for further employable education and training has made remarkable efforts in an attempt to solidify this aim. In this regard, it has stated "the

government will create the necessary conditions to encourage and give support to private investors to open schools and establish various educational and training institutions" (TGE, 1994, p.32). Yet, to address all the problems related with the TVET system, apparently, the government has been attempting at the expansion of both public and private TVET institutions as well as raising the standards of the existing TVET institutions based on the country's skilled human power needs for the past two decades (MoE, 2008; TGE, 1994). One of the major changes introduced is therefore, the commitment made to utilize both the public and non-public resources to expand TVET parallel to the academic education system and supply the market and the national economy with middle level skilled human power.

Accordingly, multiple providers in both the public and private sector are nowadays engaged in providing TVET in a wide range of settings. Thenceforth, Ethiopia has been struggling towards alleviating poverty and sustainable development, using TVET as a vehicle for socio-economic and technological transformation. It did so as TVET meets the challenges of unemployment, poverty, food insecurity and environmental degradation. This is in turn because skills' development among citizens is important for economic growth, poverty alleviation as well as youth and women empowerment and social inclusion (MoE, 2008; TGE, 1994).

A new mechanism of tackling the problems entangled against the TVET system was, therefore, necessary. To this effect, a new TVET strategy has been developed and adopted in 2006. Its overall objective is " to create a competent, motivated, adaptable and innovative workforce in Ethiopia contributing to poverty reduction and social and economic development through facilitating demand driven, high quality TVET relevant to all sectors of the economy, at all levels and to all people" (MoE, TVET Strategy, 2008, p. 12). The strategy has had specific objectives displaying multifaceted dimensions:

To materialize these objectives, principally, TVET delivery is expected to be demand oriented, quality focused, relevant, equally accessible for everybody and inclusive (irrespective of the level of educational attainment, gender, ethnic background, physical disability and so on), flexible, life-long learning and gender sensitive. In addition, it will be managed in a way that it can play its own roles in the fight against HIV/AIDS as well as environmental protection and sustainable utilization of scarce resources to widen the wherewithal of the objectives set (MoE, 2008).One major milestone of the new TVET strategy was the shift from an input-based to an outcome-based system of TVET delivery.

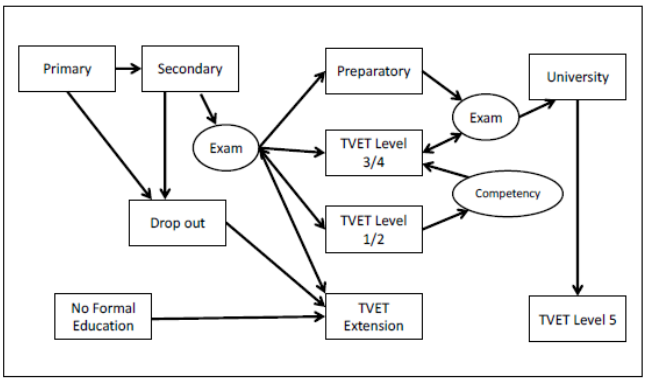



Figure2.1. Structure of education and TVET system in Ethiopia (Source: International Growth Centre Dec, 2012)

## 2.4. Resources in TVET

### 2.4.1. Human Resource of TVET

TVET system managers, professionals and policy deciders will also have to be trained and their skills upgraded to enable them confidently drive the new strategy with its various implementation structures, such as qualifications framework, accreditation standards, assessment guidelines, quality assurance and accountability frameworks.

UNESCO, (1990:21), states that TVET requires a more adequate infrastructure and facilities and more specialized teachers than does general education. Thus, teacher/trainer is the most important single factor manner on the effectiveness of any part of TVET. Therefore, the selective recruitment, and retention of sufficient number of capable teachers in this area of training should be recognized as one important administrative function.

The delivery of quality TVET is dependent on the competence of the teacher; competence measured in terms of theoretical knowledge, technical and pedagogical skills, individual work experience as well as being abreast with new technologies in the workplace (African Union, 2007:9). Without qualified teachers, training programs could not be effective. The teachers are being trained in trainer's methodology to enhance their skills in preparing, managing and delivering training and to make learning achievable on the part of the trainees. The intention is to make the TVET teachers capable of developing curricula, assessment tools and Teaching, Training Learning Material (TTLM) and to make them able to manage the training activities in the workshop in accordance with the requirements of the standards. In this way, TVET teachers

who are willing to teach in the sector shall be able to comply with requirements, the occupational and methodological (MOE, 2010:6).

Thus, the quality of vocational and technical education depends upon teachers. The teacher should see himself as a member of a professional body devoted to the search of excellence. The work experience in industries or comparable experience in particular discipline the vocational teacher brings is also very important in performance of teachers. UNESCO (1990:50) asserts that now, more than ever before, it is essential to insure vocational and technical education teachers possess appropriate, up-to-date knowledge, and skills to meet the training needs of all trainees. This would help to meet all current and future requirements in the world of work. UNESCO further points out that the teaching staff should possess appropriate academic and pedagogical qualifications and coupled with industrial experience.

In Ethiopian TVET system highly competent and motivated teachers/instructors is a prerequisite for developing a comprehensive, integrated, outcome-based and decentralized TVET system. Without such a pool of TVET teachers/instructors, the implementation of the National TVET strategy may not be achievable. The establishment of such human resources can take various paths, such as the development of a new group of TVET teachers, the upgrading of current TVET teachers to the required standards, the use of expatriate staff until local staff is able to take over, or a combination of these and other measures.

Therefore, from the above statements we can understand that human resource is an important factor to determine how well and how rapidly TVET program may be implemented to attain the required goal.

### 2.4.2. Facilities and Equipment

The intake capacity and quality of TVET delivery owes to the volume of facilities and equipment available (Ziderman, 2003). To this effect, the TVET strategy has designed to implement new funding mechanisms for TVET. Maximizing efficiency through different mechanisms without compromising quality, stimulating private investment, looking for external resources, cost sharing with trainees themselves, generating internal income from the TVET program itself,

promoting community participation and the like are the major mechanisms mentioned in the strategy to tackle the resource constraints that the TVET system has been faced with.

Nevertheless, nowadays reports of many institutions inform that most of them have been challenged by critical problems of resource scarcity. As much as there are workshops of training institutions that are in good conditions and useful, there are old, dilapidated and/or low standard ones that require much maintenance or rebuilding measures though many are still in use. There are institutions with shortages of workshops as well as workshops that lacked safety features, latrine, water, ventilation, training manuals, tools and equipment.

The consequent situation implies that the training delivered is predominantly theory based. Students are not given adequate opportunity to exercise through the required machinery and equipment in accordance with the requirements of the proposed training delivery approach, 70% to 80% of their time for practical exercise. Even in those institutions that have machinery and equipment the student machinery ratio is very high that in turn reduces the opportunity of students for practical exercise. One can, therefore, be doubted to imagine how far outcome-based the current training delivery approach is and why the majority of the graduates are found not yet competent in the occupational assessment carried out by COCs.

The present globalized situation of technology requires the use of up to date and adequate machinery and equipment in training delivery. Particularly, in such rapidly changing technological world, it is important to bring in new equipment, make trainees familiar with it and frequently operate them. This, inevitably, requires adequate funding and material supply for the training institutions. From this perspective, the main sources of fund for the training institutions in Ethiopia are government allocations, donation, tuition and income generating activities. Most government institutions that did not implement tuition fees, however, have been reporting that they do not get adequate budget to equip their institutions with adequate machinery, equipment and consumables to give practice based training all year round. Consequently, the training delivery is ill equipped both in terms of human and non-human resource supply point of view. Underinvestment in TVET obviously results in a widespread unemployment or underemployment due to lack of the required competence from the graduates. In other words TVET graduates under conditions of lacking the required skills and productivity more likely tend to be excluded from the world of work.

The literature shown that the shortage of facilities and equipment in Ethiopian TVET, but not only shortage, the existing machineries, under usage, and low quality standards, there is no enough workshop and stores. By this and other reason the TVET trainees under qualified they couldn't compete the world market. I doubted to imagine how far outcome-based the current training delivery approach is and why the majority of the graduates are found not yet competent in the occupational assessment carried out by COCs. But committed vocational managers will be solving the problems to discuss the government and other concerned body.

### 2.5.Quality assurance in TVET

An empirical study by Bateman, Keating and Vickers (2009) on quality assurance in the TVET system indicates that parameters for ensuring quality may differ across nations and across various levels of TVET delivery. This view is corroborated by a study on quality assurance (Adam et al. (1997), which indicates that even though different quality assurance models exist, they all have general similarities in their approach to improving and achieving quality. Similarly, an empirical study by billing (2004) notes that there is no universal quality assurance system but that the characteristics and principles are the same across most countries.

Quality assurance is widely discussed in the literature, and among the range of points that have been made by various authors in this regard, the following are of interest. Quality assurance is seen as an organized process for ensuring and maintaining quality (Kis, 2005) and securing accountability (Harvey & Newton, 2007). As described by Black (1990), quality assurance provides appraisal of the degree of quality of work offered. Quality assurance serves various purposes in TVET. These include improvement in quality of TVET delivery, improved system effectiveness, and higher quality TVET outcomes (Bateman et al., 2009). National vocational qualification and quality assurance cannot be separated (Kuboni, 2002). Significance of quality assurance in TVET system includes standardization of TVET provision at the levels of the TVET providers, the industry and the economy both nationally and internationally (Yakubu, 2003a). Achieving quality in TVET should require quality assuring authorities to set standards and ensure periodic monitoring and supervision of the TVET sector (Yakubu, 2003a). Quality assurance in TVET should consider teaching and learning materials, teaching methods, teachers, learners, school governance and any other factor that would influence the quality of the system (African Union, 2006). Assuring quality involves various activities and processes (Kuboni,

2002). Basic processes of assuring quality in education and training systems include assessment, accreditation, auditing, monitoring, registration of standards and qualifications, (RSA, 2001; RSA, 2008; RSA, 2012; Kis, 2005; Harvey & Newton, 2007; Anderson et al., 2000; Yakubu, 2003b). Monitoring and evaluation are processes for measuring and determining performances and effectiveness of a system for assurance of quality (Wahba, 2012).

According to Harvey (2004), accreditation refers to the process of establishing the status and readiness of a program or institution of learning. It involves determining the capability of an institution to run a program with respect to facilities and personnel. In a number of countries accreditation is a process of ensuring and maintaining quality in education and training (Kis, 2005). Eaton (2012) refers to accreditation as a process of quality re-examination used to inspect institutions and programs for quality assurance and improvement. The roles of accreditation include assuring quality, improving articulation and facilitating transfer, creating confidence, and facilitating access to government grants (Eaton, 2012). Qualifications obtained from fully accredited institutions are likely to be considered by employers ahead of other qualifications for employment. Accreditation and assessment monitor the quality of teaching and learning (Kis, 2005).

Program monitoring and evaluation is a mechanism and procedure for checks and balances. It is a system of checking whether programs are meeting stated objectives (Necesito, Santos & Fulgar, 2010). Program monitoring and evaluation is a process of determining the effectiveness and quality of a program and the readiness of TVET institutions in offering programs. It is a process of improving and developing TVET programs. Monitoring and evaluation is a mechanism for informing TVET providers what is required of them to deliver quality programs. It is also a mechanism for knowing when TVET institutions are doing well and keeping to standards.

TVET programs do not respond to the needs of the labor market in several countries due to lack of an effective monitoring and evaluation system. Mechanisms for getting feedback on the training needs and demands of industries and the labor markets are not fully established. The consequence is that training programs in these countries continue to be supply-driven (African Union, 2007), where the emphasis is on training to look for jobs rather than on training required

by the economy or the labor market. Lack of an effective and efficient monitoring and evaluation system means that providers are unable to carry out evaluation exercises (Angel-Urdinola, Semlali & Brodmann, 2010). Evaluation is seen as a tool for enabling programs to work better and thereby enhance development (Harris, 1993). TVET stakeholders can use the feedback obtained from monitoring and evaluation to improve the existing programs, delivery approach and policies.

In Tegbar-id quality implemented at very low level this college has a department call as internal quality auditing this department doing maximum twice of a year to supervise each departments how the training is done: check the training tools, to observe the workshop organization and related to the training things and to discuss from the department and to give feedback the trainers to adjust problems based on the given feedback. But there is no attractive environment for better implementation.

## 2.6.The System of TVET Training

Vocational and technical skills can be acquired by individuals in many ways. Public pre-employment training is only one way to enter skilled job. In modern sector, skills are obtained from initial and in service trainings offered by public and private organizations; and wage employment are used as a means of providing skills to many informal sector entrepreneurs. Training by private and voluntary organizations is a second alternative.

Generally, in most countries especially, in Ethiopia TVET can be located in one or more of the following three distinct institutional settings are:

### 2.6.1. School Based Training

School based training is an educational approach for TVET trainees that provide opportunities to achieve employment- related competencies in the workplace, actually it provides students with knowledge and skills that help them connect school experiences to real-life work activities. It is often undertaken in conjunction with classroom or related learning, and may take the form of work placements, work experience, workplace mentoring, and instruction in general workplace competencies and broad instruction in all aspects of industry.

The strategies of school based training is that an individual might use will depend on the learning style of that individual, the nature of the skills or understandings that are being developed, and the context in which the training is taking place. Some of the strategies that might be used by members of a work based training team include action learning, mentoring, seminars, focus groups, problem-based training, reflection, critical and/or strategic questioning, and many others.

### 2.6.2. Cooperative Training and in Company Training

The TVET system anticipates that the public and private sectors will join in a partnership to deliver a co-operative and in-company training which takes place in the training institution and at the place of work because bringing enterprises into the training process promises to improve the relevance of the training offered to market needs. Cooperative and in company training model is found in many developed countries over the world.

Cooperative training system refers to mode of training delivery of technical and vocational education and training that combines training in enterprise and institution based on a training plan collaboratively designed and implemented by industries and respective TVET institutions. Under this system, the industries/companies and the TVET institutions share the responsibility of providing the trainee with the best possible job qualifications, the former essentially through practical training and the latter by securing an adequate level of specific, general and occupation-related basic competency. The word "cooperative" refers to the two parties providing training: the concept "system" means that the two parties do not operate independently of one another, but rather coordinate their efforts. The guiding principle is that as all parties involved, namely: the industry, the trainees and TVET institutions will gain immediate and long-lasting benefit; they will choose it (MOE, 2010:3).

Any enterprise which can provide a working place to trainees, machines for training, tools, consumables materials and which can also assign a training coordinator/ supervisor can be a cooperative training partner. As far as occupational activities of the enterprises, in one way or another, if the activity of enterprise have similarity with occupational training, any enterprise, large or small can take part in Cooperative training.

According to GTZ (2006) Ethiopian TVET Financing Framework assumes that a deepened involvement of employers in the delivery of TVET, through cooperative and in-company

training has a significant potential to increase cost-effectiveness in the TVET system and specifically to reduce the relative share of expenditure for public TVET provision. The focus is not on reducing the total amount of public spending on TVET but to tap into other financing sources in order to expand the quantity and quality of TVET provision.

Before starting Cooperative Training program, enterprises and TVET institutions should negotiate and agree on types of occupations in demand and jointly develop a training plan right from the occupational standard or from a curriculum derived there from. A training plan shows topics of the curriculum to be taught either in enterprises or in TVET institutions. Cooperative training cannot be successful without a training plan.

### 2.6.3. On the Job Training

In service training is the mode of training that is intended to serve an organizations need for staff development. The degree of difference of training from ongoing production process will vary within and among organizations. As such, at one end, there is informal on the job learning in which new employee learns their job through guidance from supervisors and more experienced workers. At the other end highly institutionalizes company based training department conduct full time instructions and offer courses at training center (Laugol 1993:47).

Most employees obtain skill acquisitions at the work place during employment through informal on the job training or through formal training programs sponsored by employers and employee offered in the firm or at external training institution.

Firms engage in training due to several reasons. Some of them are as follows:

- To prepare experienced staff for promotion
- To build workers moral and identification with the organization.
- To promote a cooperate culture for better productivity (Laugol 1993:49).

In sum, there is no exclusively preferred mode of training, hence using the combination of modes of trainings as situation and resource permit can have a better result.

## 2.7.Funding TVET

Adequate funding is crucial for quality TVET provision. Funding policy, and how such policy is implemented, will vary from country to country in line with national economic priorities.

Funding policies and mechanisms would include public funding, training fees, private funding, international assistance, industry support and funding support from other non-governmental organizations (Atchoarena & Esquieu, 2002; Bolina, 1996; Atchoarena, 1996; Afeti, 2009). The principal source of funding for TVET in most countries is government, with supplementary support from a range of organizations, bodies and individuals. Levies imposed on enterprises – effectively a form of taxation – are a further option for generating funds for TVET support and promotion of skills development (Afeti, 2009). Training funds outside of normal government allocation may be supported by means such as levies on organizations, businesses or industries and by donations from one source or another (Johanson, 2009).

Student training fees (tuition fees) are another important source of income for TVET providers (Atchoarena, 1996). Fees vary from one institution or country to another, based on the policy that governs their imposition, with fees in government-controlled institutions usually being lower than in the case of private TVET providers because the former are supported by government grants while private institutions survive on training fees from students and privately generated assistance and donations.

Financial and material support from international donors can also play an important role in the TVET sector, both in the provision of teaching and learning materials and in support of staff development (Bolina, 1996). Some TVET policies provide for a dual system of TVET delivery in which funding is a joint responsibility of government and private enterprise (Bolina, 1996). The government takes care of the school costs while the participating enterprise caters for the practical aspect of the training (Bolina, 1996).

Quality TVET is the bedrock of all social and economic development, and adequate funding is the foundation on which it relies. Provision of adequate qualified staff, and of teaching and learning materials depends on adequate funding of the sector. Moreover, teaching and learning materials and equipment in the TVET sector are expensive, and when funds are lacking to procure up-to-date teaching and learning equipment, TVET institutions forced to make do with obsolete equipment will be unable to produce graduates with the necessary skills for employment (Kingombe, 2011; Oketch, 2007).

According to Ethiopia TVET strategy about financing of the system (MOE, 2008) to sustainably increase the quality of TVET and to upgrade the intake capacity of the sector, new funding mechanisms for TVET will be developed. In the future, the resource constraints of the TVET

system will be addressed by a combination of cost saving mechanisms without compromising quality, generation of external resources into the TVET system and diversification of funding sources for TVET program.

### 2.7.1. Budget Allocation in TVET in Ethiopia

A budget is a plan that tells us the amount and source of money to be allocated for the provision of a certain service among the priority lists. According to Leulseged (2001), following the principle that budget should be comprehensively managed public expenditure in all stages of review, approval and appropriation a comprehensive budget is prepared and presented every year. Leulseged further explained that executed budget preparation at the Federal Ethiopia has to pass through the following stages where its principal tasks are related to each other. These are budget preparation, notification of subsidy budget, budget request, preparation of recommended budget, budget recommendation.

As stated in Getachew, the Ethiopian constitution, adopted in 1994, established decentralized regional states recognizes the right of the regions to formulate and executes their economic and social development policies and strategies, and administer their expenditure planning and certain types of taxes (Getachew, 2006). In order to administer and manage economic and social development, different proclamations were issued in 1992. Proclamation No. 7/1992 provided the basis for the establishment of regional governments and the right to prepare, approve and implement their own budget (MEDC, 1999).

According to MOFEC Budget Guide manual, to determine the amount of resources to be transferred to the regions, Block Grant Formula is used; which mean to decide on the amount of annual budgetary resources for each region. This Block Grant Formula has varied over the years and is continuously updated by the Federal Government and the regions to make it more efficient and equitable. The Block Grant Formula is approved by House of the Federation. The new block grant transfer formula issued by the House of Federation in May, 2008, is based on the principle of fiscal equalization and effort neutrality. It considers per capita calculation, revenue raising capacity and expenditure needs of regions. It also helps to determine the influence of factors that obligate regions to expend more than the Average (MOFEC, 2009).

In line with this, the Regional Government of Addis Ababa city administration is exercising fiscal decentralization, to local government since 1995 EFY. In order to allocate block grant budget to local governments, the region had utilized the formula that consider three basic

elements: Population size, Level of development and Revenue generating capacity of local government, from 1995 to 1997 EFY. However, this grant formula does not explain the relationship between the weight of policy indicators and expenditure needs of local government to provide standardized public services.

Accordingly, according to BOFED (2011b) budget manual, in Addis Ababa regional state of local government budget preparation and approval stage have different steps. Those are: first, each sector prepares their annual work plan; secondly, notification of subsidy budget by UFED; thirdly, budget call by UFED; fourthly, budget request by public bodies; fifth preparation of recommended budget by UFED; sixth, budget recommendation by urban cabinets and finally approval of recommended budget by legislatives.

### 2.7.2. The Linkage between Planning and Budgeting

Development policies and plans usually coexisted with resource allocation. After government policies and plan are formulated, the resource allocation is made through budget process. As mentioned in introductory part, the civil service reform tries to introduce expenditure planning and budget reform projects so as to strengthen the relationship between planning and budgeting in Ethiopia.

As data collected from budget manuals shows the annual work plan will be prepared in the beginning of budget year by public bodies and then submitted to Finance office for consolidation and necessary arrangements. After the work plan is approved by cabinets, FEDO will notify budget call and ceiling to each spending public body. The budget call provides each public body about the macroeconomic environment, their budget ceiling for recurrent and capital expenditure for the upcoming fiscal year. Then after, the public bodies will be notified government priorities, guidelines on treating external loan and assistance, general and detailed instructions and formats to be used for budget preparation. Public bodies are responsible for preparing their budget request based on the aforementioned programs and budget ceiling. The budget preparation involves an assessment of new and existing program and performance of ongoing projects with their work plan. They have to prepare a justification for each expenditure item by using cost build up in each project and sub agency. Based on the outcome of the review and capacity of financial absorption, budget proposal is prepared and submitted to FEDO.

After spending public bodies have submitted their request, the head of public bodies and relevant department heads defend their budget request in a formal budget hearing with FEDO. After

budget hearing is over, the budget request of public bodies will be revealed, adjusted, consolidated and FEDO will make recommendation. The total recommended budget by each public body has submitted to the urban cabinets for approval. Once the budget is reviewed and approved, it will be submitted to the urban Councils for final approval and appropriation. After approval, FEDO has notified proclaimed budget to public bodies. The public bodies are then required to prepare work plan and cash flow and submit to FED However, the most important issue is not only how the budget process is undertaken, but also the linkage between planning and budget process. As discussed in the literature part, failure to link government policies, planning and budgeting may be the single most important factor contributing to poor budgeting outcomes at the macro, strategic and operational levels in developing countries. In many countries, the systems are fragmented. Policy making, planning and budgeting take place independently of each other (WB, 1998). Therefore, a full understanding of budget planning and preparation system is essential, not just to drive expenditure projections but also to be able to advise policy makers on the feasibility and desirability of specific budget proposals, from macro or micro-economic perspective.

## 2.8.Financial models

The financing system of higher education institutions is one of the most important elements which determine the whole system of higher education both institutional, qualitative, accessibility, and other dimensions. The need for higher education in the last few decades has increased more than the state abilities to ensure proper public funding for the system of higher education (Salmi, Hauptman, 2006).

### 2.8.1. Types of financial models

#### 2.8.1.1.Bureaucratic model

The main principle of the Bureaucratic financing model of higher education is full assignation of tertiary institutions' budgets from state resources. In this case, the state in essence directly influences all spheres of activity of higher education institution by way of legal and financial means it may determine the structure of the higher education institution; number of departments, employees and the number of accepted students; form a need for certain fields of studies and directions for scientific research. State institutions hold control of usage of financial resources. Tertiary education institutions do not manage their long-term material assets and, in essence,

carry out state orders in the field of higher education. The state may delegate certain functions to different supervisory bodies (committees, commissions, etc.) where representatives from the academic community usually take part.

One of the main advantages of this model is that this way the state may fully meet its needs by ensuring preparation of the needed experts and by controlling their number; the state also acquires the tangible possibility and mechanisms to ensure the quality studies provided by legal acts. Yet more shortages than advantages are currently foreseen in this model. Firstly, a strict and centralized financing (usually followed by extremely thorough normative regulation by the state) almost completely limits the real institutional autonomy and academic freedom of the tertiary education institutions in deciding the most important issues of university activities. The system of higher education, likewise, is becoming dependent on the political power of the state and may often become hostage to various political decisions of dubious nature. Usually, educational institutions, under such a financing model, are not permitted to independently dispose of the financial resources. The resources are usually assigned based on the data from the previous year, which, in turn, fosters reckless usage of the assigned financial resources by ignoring the daily needs of the tertiary institution, which may change within the course of the financial year. It is also problematic to implement changes of the activities of tertiary education institutions which require fast decision-making, because the decision-making procedure is, as a rule, regulated in detail and is followed by numerous bureaucratic procedures. Although ensuring the quality of the studies by state regulatory means is distinguished as one of the positive aspects of this model, it also stands as a weakness of such a model, because in this case the system of quality evaluation has to be legitimized and thoroughly described by both internal and external regulatory means, yet institutions of higher education tend to negatively react toward such quality evaluation systems and are usually prone to overly formalize the process of quality evaluation itself.

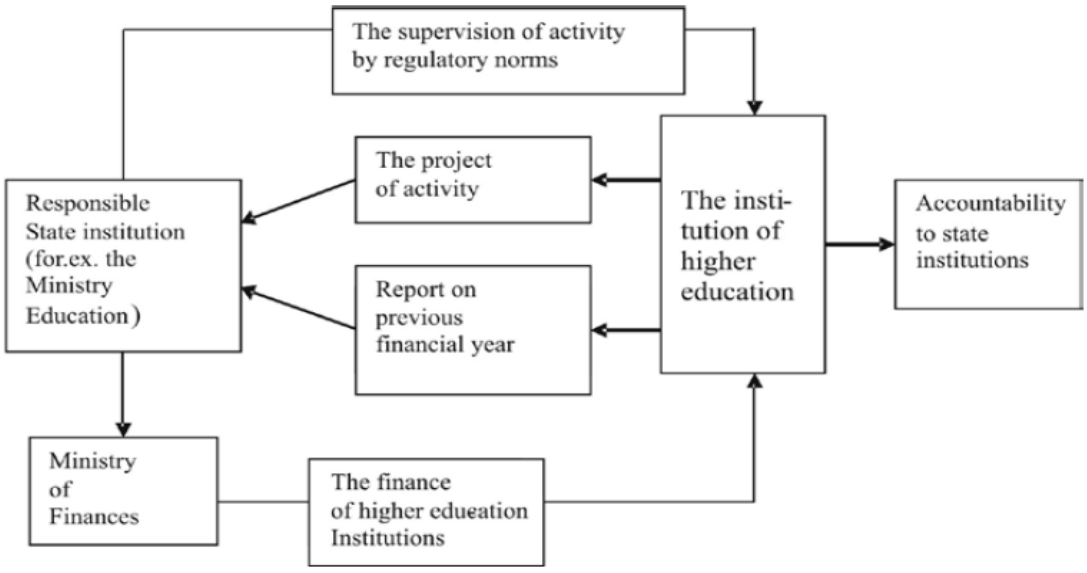



Figure 2.2 Bureaucratic financing model (Source V. Putvinskio, 2010)

#### 2.8.1.2.Collegial model

Collegial model usually implicates activity of the tertiary education institutions subsidized by the state, the right of the higher education institutions to attract private funds (by way of payment for tuition, reward for the services provided in projects, for implementation of scientific research for other economic units, financing of certain programs or scholarships), it also encompasses the right academic institutions to freely dispose of the resources assigned to them. Such model structure is based both on the traditional idea of financial dependency of higher education institutions, and on a trusted relationship between the state and universities. Although state funding usually comprises a larger part of the higher education institutions' budget under such a model, tertiary institutions are granted the right of financial independence, which allows universities to decide how and where to effectively spend the acquired resources. Subsidies by the state under such a model comprise of the budget of the tertiary education institution, utilization of which is decided on the institutional level of a university—senates and/or boards. Under domination of such a model of higher education financing, the responsibility for proper distribution and effective utilization of resources is handed over to the municipal institutions of a higher education institution, which, in turn, by disposing of their right of decision making have

to accommodate state, public and academic needs of each university department while distributing resources.

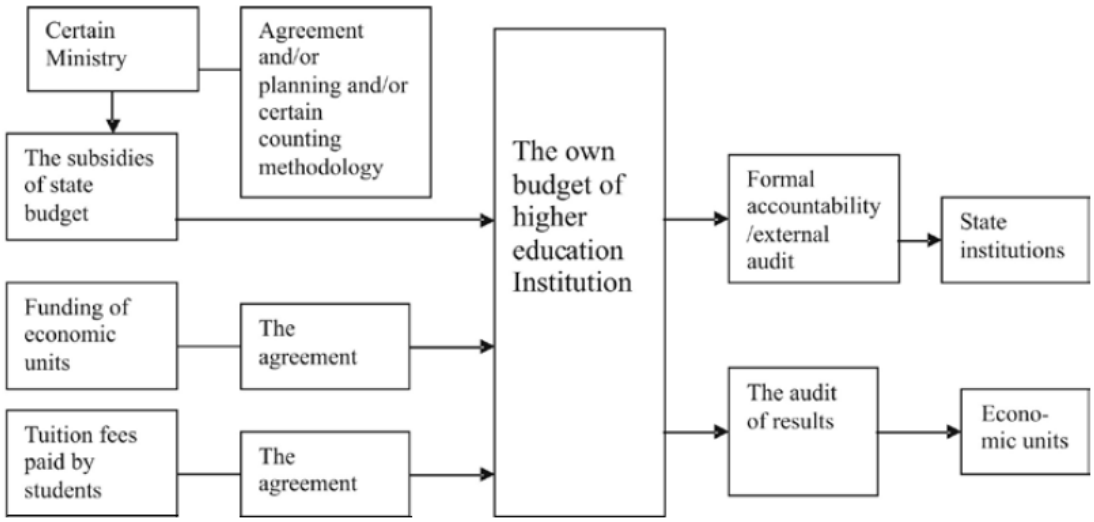



Figure 2.3 Collegial financing model (Source V. Putvinskio, 2010)

Such system of financing calls for an appropriate management system for each particular model, which may be described as a professional management model, where a higher education institution is managed by the highest hierarchical rank of academic professionals selected by the personnel and students of the university itself. Both the financing model and the management model formed under the influence of the former, have their advantages and disadvantages. "When the resources obtained can be matched with the academic needs professional integration, high quality of the academic services and strong academic solidarity are preserved." Also, as was stated above, this model preconditions that tertiary education institutions have the right to full institutional autonomy, especially in the processes of resource management and distribution, which, no doubt, positively influences academic freedom, quality of higher education, and optimal utilization or financial resources. It is perceived as an advantage, that all resources (both state-assigned and earned by universities themselves) are considered private money, which also has a positive effect on the above mentioned aspects of activity.

#### 2.8.1.3. Market model

The latter stands out not only by its possibility of alternative financial resources, but also by its obligation to cooperate the work of all the participants of the system of higher education—providers of academic services (lecturers and scientists); users of services (students and their employers); state which represents the public interest; and managing organs of institutions of higher education, who are responsible for an effective, qualitative functioning of tertiary institutions. "Plurality of interests and financial resources, as well as their distribution mechanisms, gives favorable conditions for expansion of activity, complying with interests of different groups of society, by the academic community." It is considered that under such model of financing, the main contractor for the services of higher education would not be the state, who would by way of state regulation set priorities and demands, but, in a general sense, direct receivers of the services (society, business, industry). Institutions of higher education are encouraged to seek and to invoke more diverse resources of financing, which would ensure qualitative and effective functioning of the institution that would meet the needs of the market. At the same time, the market model of financing obliges tertiary institutions to provide sufficient information about its activities, and supposes the maximum financial and qualitative accountability, because investors (state, businesses, private entities, etc.) are only interested to cooperate under clear academic and management processes.

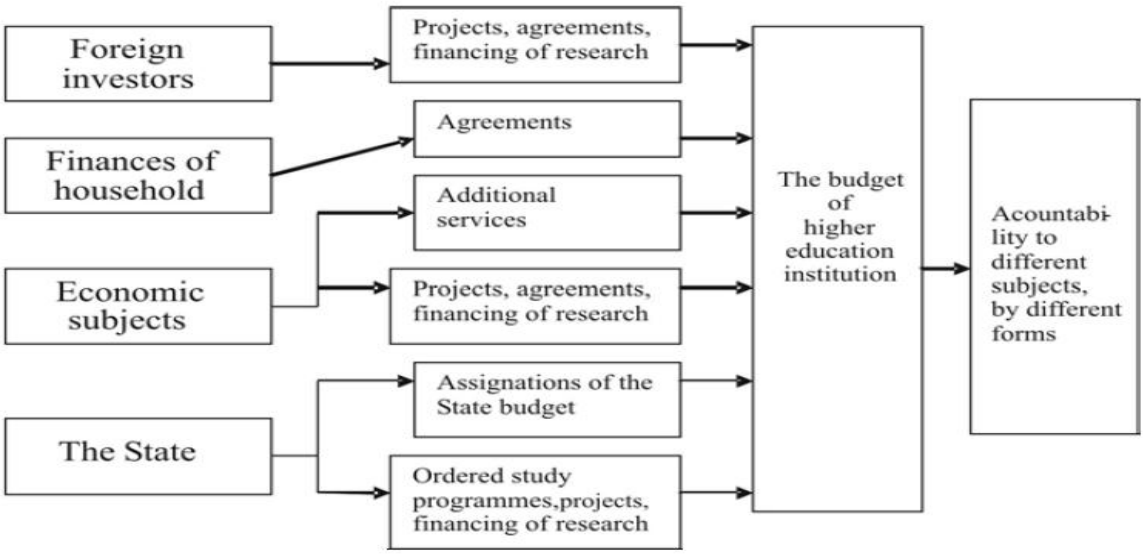



Figure 2.4. Market financing model (Source V. Putvinskio, 2010)

In Ethiopia the government is the major financer of TVET. The federal government finance is largely used for governance of TVET sector at federal to develop strategy, capacity building programs and monitoring of the implementation of strategy. The regional state governments is largely responsible for investment to build TVET institutions, purchase facilities and recruit trainers. Private sectors and NGOs have been also making significant investment in establishing TVET institutions. International donors have made some financing in provision of technical support, facilities and establishing model TVET institutions or centers. TVET capacity building program under Ethio-German bilateral Engineering Capacity Building Program project financing could be one of international financing models in upgrading TVET. In existing financing scheme, TVET is the least financed education sub-sector. It receives less 10 % of the budget allocated for education and training sector. On the other hand, the required investment is very large to equip all TVET institutions with appropriate infrastructure and skilled human resource to undertake effective and relevant skill trainings for local, regional and national economic development.
(V. Putvinskio, 2010).

## 2.9. Funding of Technical and Vocational Education Training in Other foreign Countries

The practices and experiences of countries with good TVET system and making good progress in TVET were also studied. These countries are Germany, Switzerland, Singapore, Australia, South Korea, China and Philippines.

### 2.9.1. China

In China, technical vocational education and training (TVET) involves technical education and skills training, which include pre-employment programs, job transfer programs, apprenticeship programs, on-the-job training programs, and certificate programs. TVET is a major constituent of the entire educational system in China. However, as in most third-world countries, TVET has not been given the same emphasis as universities (Yan, 2010: 12). The need for skilled labor has highlighted the need for government interventions to support TVET. It is necessary to point out that in China the local government at provincial level has considerable autonomy to develop laws and policies for TVET (Barabasch et al., 2009).

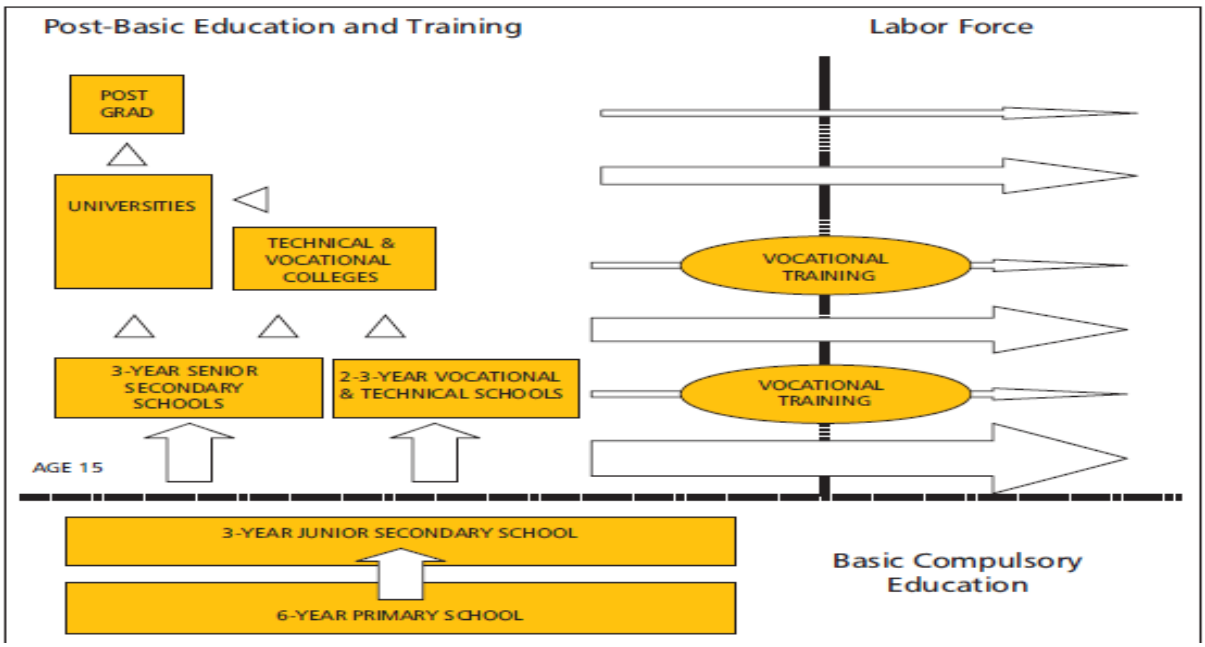



Figure.2.5. Source: Government Of the People Republic of China, ministry of education. Beijing. Various references. www.moe.edu.cn/edoas/en

The Chinese TVET system is significantly fragmented due to historical factors, devolution, and a propensity among public authorities to view private training providers as intruders rather than allies. China recently established an intergovernmental forum to coordinate TVET activities, but it has been riddled by problems. The fragmented nature of TVET and the lack of comprehensive oversight make them prone to inefficiencies. In addition, TVET is affected by issues such as weak labor, weak market links, and poor organizational and management practices (Barabasch et al., 2009).

The funding of TVET is difficult to establish because there are no credible statistics to present a coherent indication of the funding model. Sometimes the statistical information available is fragmented, may not be comparable, may be obsolete and sometimes is contradicted by other statistics (ibid). According to China Daily (2012), from 2011, China invested 92 billion dollars in the training and vocation education sector. One of China's strategies is to promote the orderly transfer of rural laborers to urban areas. China is responding to its urbanization needs, which stand at 50% of its total population. Hence, China is skilling its rural population to empower its citizens to find jobs before moving to the cities.

However, even with China's impressive economic growth rates in recent years, the country spend far less of its national income on education compared to Germany for example. The total

spending on education from all public and private sources gradually increased from just over 3% of gross domestic product (GDP) in the 1990s to around 4.5 % in 2006 (Harris et al., 2010: 6).

Funding education by level, by type of education, or by region, or in terms of expenditure per student, provides a better picture than the aggregate sum China spends in relation to its GDP. Data from 2006 indicates that tertiary institutions received 30% of total education budgetary allocation. This massive investment in higher education means that other levels and types of education receive less. Although by international standards, this is not an exception, such data should be tallied to the numbers of students enrolled (Harris et al., 2010: 7).

Considering the recent reforms in education, China has unequivocally embraced the principle of beneficiaries of TVET by sharing the financial burden as in Germany. However, legislation to provide a basis for the diversification of funding sources has so far mainly meant that tuition and other fees have increased sharply. The share of government allocations in total funding has declined in recent years (Schnarr et al., 2008: 58).

However, although the private sector's contribution has steadily increased, it is not yet significant in China. Government has sought to legislate a funding model supported by the private sector. In general, large corporations attach considerable importance to training their workers. In summation, the existing funding model ensures that money flows to TVET from the private sector and from government in the form of bursaries, grants, loans, training payment, emoluments for services rendered and donations (Schnarr et al., 2008: 23).

In addition, government provides funding in the form of incentives to improve involvement from disadvantaged groups or to introduce competition among schools to improve quality. Governments may provide fiscal incentives to the private sector to train workers or to private training providers to take in more trainees. In spite of the contributions from both the private sector and government, parents still contribute to education through taxes, and the private sector in the form of training wages withheld (Schnarr et al., 2008: 5).

Other possible funding sources include funds from the government, commercial funds, and international assistance. Financing TVET in China is very much part of financing education as a whole. Discussions in China consider education as a public good. Therefore, concerted efforts continue to be directed towards finding a new modality to fund TVET development.

### 2.9.2. Germany

The German TVET system is a dual education system that combines apprenticeships in a company and vocational theoretical learning at a college. It is participatory-based, combining full-time education, apprenticeships, and socialization (Ochs, 2006: 607). A major advantage of this dual system is that it integrates real-world experience with theoretical learning and teaching in TVET (Blossfeld and Stockmann, 1999). China adopted and introduced this German model (Schnarr et al., 2008: 5).

In Germany, the TVET is more centralized and standardized. The federal government plays an active role in legislation and laying the foundation for partnership with state governments. The main providers of education and training are colleges and companies. They support and consult each other in developing the pedagogical content. Secondary school graduates who do not pursue university education usually join TVET and in most states they study and apprentice part-time. Since low-skill job workers with vocational degrees are offered fair pay, students are willing to obtain a vocational degree as a prerequisite for employment. By law, credentials are transferable to a higher education program (Euler, 2013: 9).

While the trend in Germany is for companies to assume the cost of training and provide for vocational education with respect to the specific skills required, states play a central role because of their responsibility to provide education. It must be emphasized that the National Federal government does not directly provide funding for training and vocational education. In other words, while it intervenes as a regulator, funding is limited, based on the economic and specific labor needs (Rauner and Maclean, 2008; Kath, 1998). The private sector in Germany ensures that training costs do not become the sole responsibility of government.

The partnership between government and the private sector, among other things, extends to financing. The government and the private sectors contribute in different ways to financing TVET. Funding by companies is offset by the productive contributions of their trainees and other factors that generate benefits for the contributing company. The 2012 report on education expenditure shows that, in the area of vocational training, contributions from the public sector totaled 57.2% (federal: 18.5%; states: 27.6 %; local communities: 11.2 %), while private entities contributed

42.8% of the total (German Federal Statistical Office 2012, quoted in Euler, 2013:29).

From the business viewpoint, a company may reduce financing vocational training if it deems this investment to be a burden and a competitive disadvantage relative to companies that do not train workers. As far as financing of TVETs is concerned, the following alternative strategies might be considered to share in the cost of training:

a) Increase the shares of government financing to school-based phases and reducing privately funded in-company training.
b) Introduce an industry-specific fund, such as that in Germany's construction industry. Under this system, all construction companies pay a percentage of their payroll costs into this fund, which is used to compensate companies for the fees and costs associated with intercompany training and/or a share of the wages paid to trainees.
c) In Germany, there have been repeated calls for shared financing. This involves companies contributing to a fund based on the volume of its employees. This money is managed and distributed to pay the costs of attending TVET and to finance intercompany training. In addition, subsidies are paid to companies that provide training positions (Grollmann et al., 2004).
d) Some costs of training are covered by government subsidies as grants and awards (Evans and Bosch, 2012:20). Another option would be to add a year of government-funded basic vocational preparation in some occupations. This is then followed by dual training by companies. This means trainees entering company training would already have achieved a certain skill level. They could therefore be assigned to tasks that are more productive. This would substantially reduce the financial burden on companies (Euler, 2013; Schnarr et al., 2008).

### 2.9.3. Ghana

In Ghana, TVET is perceived as the reserve option for those unable to obtain the requisite grades for university entrance. It is institution-based, poorly perceived and poorly funded – mostly by the state and international donations (Afyenyandu et al., 1999). On the whole, Ghana suffers and reflects the same conditions suffered by training and vocational education in most African countries, including South Africa.

The challenges facing TVET in Ghana include the need to adapt to new technological changes. The above changes have meant that the structure of jobs has also changed. This has affected the workforce that is in turn changing from a mostly manufacturing to a knowledge-based and

information-based skill force (Kappar, 1993). This also means that the way in which the economy functions in terms of education and training for growth and development is changing.

TVET plays a major role in the growth and development of the Ghanaian economy. Logically, TVETs have to collaborate with people in government, industry, and in other disciplines to grow and develop the economy. In this way, TVET can become relevant to the needs and interests of the trainees and the interests of the Ghanaian economy (Villafaria, 1995).

Education in Ghana is a vehicle that will accelerate economic and social growth and development. TVET as an aspect of schooling that has been used to train and skill the youth in crafts such as catering, needlework, carpentry, masonry, and blacksmithing. In 1987, a new TVET structure and content became operative. TVET is organized at three levels: primary, secondary and tertiary level. Three types of TVET are organized: pre-vocational, vocational and technical.

TVET in Ghana faces many challenges. In 2003, the Ghanaian government commissioned a review of the educational system for strategic planning for the period 2003–2015. The Commission reported a serious neglect of the TVET sub-sector (Government of Ghana, 2003). The report concluded that the reforms introduced in the TVET sub-sector occurred in 1987. Earlier in 2002, a survey of public TVET teachers found that none of the 87 respondents wanted their own children to study TVET programs (Anamuah-Mensah, 2004). Besides inadequate financing and the rife negative perceptions, the socio-economic environment and the contextual environment within which TVET is offered, TVET in Ghana is characterized by huge numbers of poorly educated, unskilled and unemployed youth (African Union, 2007). In addition, TVET in Ghana is characterized by uncoordinated, unregulated and fragmented delivery systems, weak monitoring and evaluation mechanisms, and poor management and ill-adapted organizational structures (African Union, 2007).

These challenges facing TVET in Ghana's Vision 2020 and the Education Strategic Plan, 2003–2015 reveal the need for strategic action. One of the problems afflicting TVET is a lack of a coherent and viable funding model. It has largely been dependent on government and the donor community. Government has spent about 8.2% minimum and 10.1% maximum of GDP on TVET over the past five years (Baffour-Awuah and Thompson, 2011).

| Source | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Donors (Ghanaian Cedes). | 25,271,400 | 86,948,363 | 100,652,087 | 95,067,893 | 64,742,440.45 |
| Educ. Exp. as a % of GDP | 8.2% | 9.1% | 10% | 8.7% | 9.8% |
| Educ. Exp. as a % of Total GoG Exp. | 21.7% | 21.0% | 18.3% | 21.6% | 23.2% |
| TVET | 0.9 | 0.6 | 1.1 | 1.8 | 1.5 |

Table 2.1: Expenditure on Education and TVET in Ghana (Source: Baffour-Awuah, and Thompson, 2011).

The funding model of Ghana for TVET to ensure sustainability includes the following:

a. The quality of TVET products should be high in order to earn higher income and to justify TVET student training.
b. Beneficiaries of TVET programs should pay realistic fees for the training of their staff.
c. The private sector should contribute a percentage of their earnings into a TVET fund.
d. A common inter-ministerial fund for skills development should be established.
e. Efforts at the exploration of legislative instruments that support the operations and function of TVET should be expedited (Boateng, 2012; Baffour-Awuah and Thompson, 2011).

Generally lessons from the defined countries are both countries are given higher attention with practically done. TVET in those countries many sources of funds even people are funded the sector. Other good experience is any person for employed and changing work places from company to company taken refreshment training and exam the trainers are very experienced in industry these are big tools for quality assured in the sector. The companies also not only producers of products also center of trainings especially given practical training. Ethiopia follows the Germany dual training system this system also fruitful system the results checked by those countries but in Ethiopia TVET sector recorded poor performance the main reasons are the implementation ways sharply wrong, shortage of technological training companies etc.

## 2.10. Research Gap

From the literature reviewed talks more of the training quality problem comes different challenges. The main challenges are policy problem, lack of skilled trainers, lack technological companies, grading system, inadequate infrastructure, trainees interest etc. the gap of those researches are no one done the quality problem sighted from the financing model used in public institutions. Those public TVET used beauraucratic model. In this model the main finance source is state for effective TVET financing the existing education and training policy is silent how to finance of TVET. No new TVET policy is introduced that recognizes the expensiveness of TVET and how to finance TVET to implement effectively. In existing financing scheme, TVET is the least financed education sub-sector. It receives less 10 % of the budget allocated for education and training sector. On the other hand, the required investment is very large to equip all TVET institutions with appropriate infrastructure and skilled human resource to undertake effective and relevant skill trainings for country development.

# CHAPTER THREE

# 3. RESEARCH METHODOLOGY

## 3.1.Research approach and design

A good research study depends on its design, which is guided in turn by the research questions, the research purpose(s) and the research paradigm (Cohen, Manion & Morrison, 2011). Research design provides researchers with a blueprint for collection of data (Suter, 2006) and sets out specifications that direct the manipulations of the data (Krippendorff, 2004). According to Kumar (2005), research design provides a basis and direction for answering research questions. Different studies have different designs based on their purposes and paradigms (Woldetsadik, 2012; Cohen, Manion & Morrison, 2011; Knafl & Howard, 1984).

The main objectives of this study were to find out the impacts of financial system used in Addis Ababa Tegbare-id poly Technique College towards the training delivered in the colleges. To realize this descriptive survey method type of research was employed. This method was selected because it is helpful to show situations as they currently exist. That means the study determines and describes the way things are (Gay, 2000:275). Moreover, it is economical and easy to describe the current situations quantitatively as well as qualitatively. Therefore, the first step of the study was to collect data that examines the performances of the college towards the training. Then, the data was discussed and interpreted. Based on the results of the study, conclusion and recommendations were provided.

### 3.2. Data source and data collection tools

#### 3.2.1. Document review

The study generally explores and compares the technical and vocational education and training in the institutions covered by the study and therefore considered financial system, supplying of training facilities, trainees assessment methods, cooperative training, graduate employability, staff evaluation system, budget allocation for each departments etc. that impact on the quality of technical and vocational education and training.

#### 3.2.2. Interview

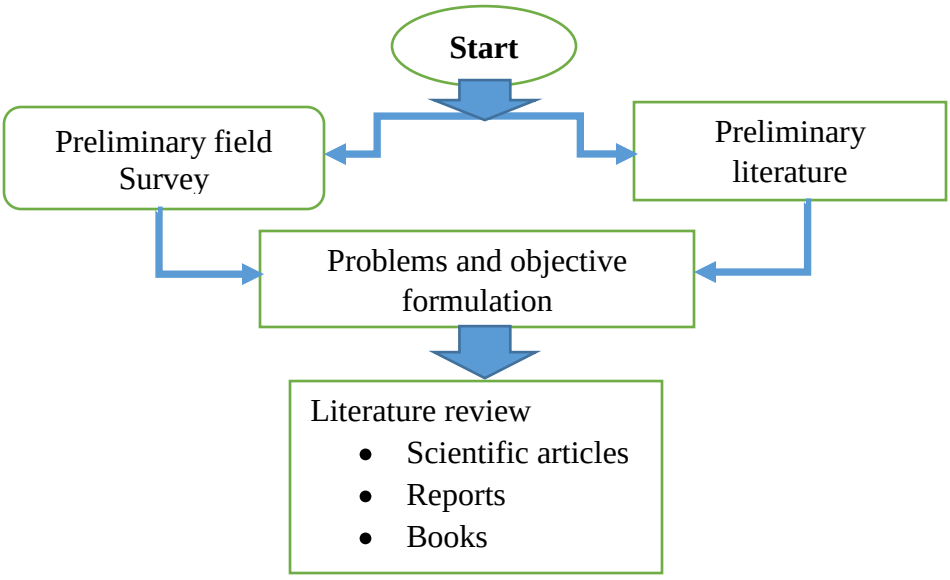
Interview conducted with the head of budget, finance, registrar, job and advice officers, COC focal persons at each colleges. This study focused on impact of financial system on quality of training the interview focuses on basically college management bodies, OBT vice dean, IETT vice dean, finance head, procurement head, COC officers etc.

### 3.3.Data analysis

To make the collected data ready for analysis, the obtained data were checked for completeness. The data were also classified and tallied carefully. The assembled data were arranged and organized in tables and the Microsoft excel was to analyze descriptive data. Finally, by using

descriptive method the organized data were interpreted and analyzed quantitatively as well as qualitatively.

### 3.4.Research framework



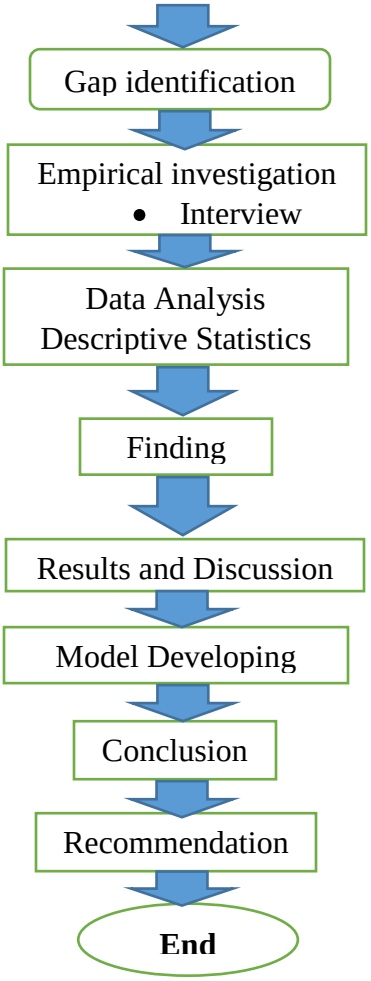



Figure 3.1. Research framework

# CHAPTER FOUR

## 4. DATA ANALYSIS AND INTERPRETATION

In this chapter the current practice of finance in Tegbar-id, amounts of budgets and trainees enrollments in the last six years and its outcomes especially graduated trainee's level of skills, knowledge, attitude, competency and also job placement using the current financial models. Furthermore looking the bench mark NGOs TVET institutes budgets and trainee's enrollment and its financial system finally their outcomes as a comparative approaches.

## 4.1. Tegbare-id college structure

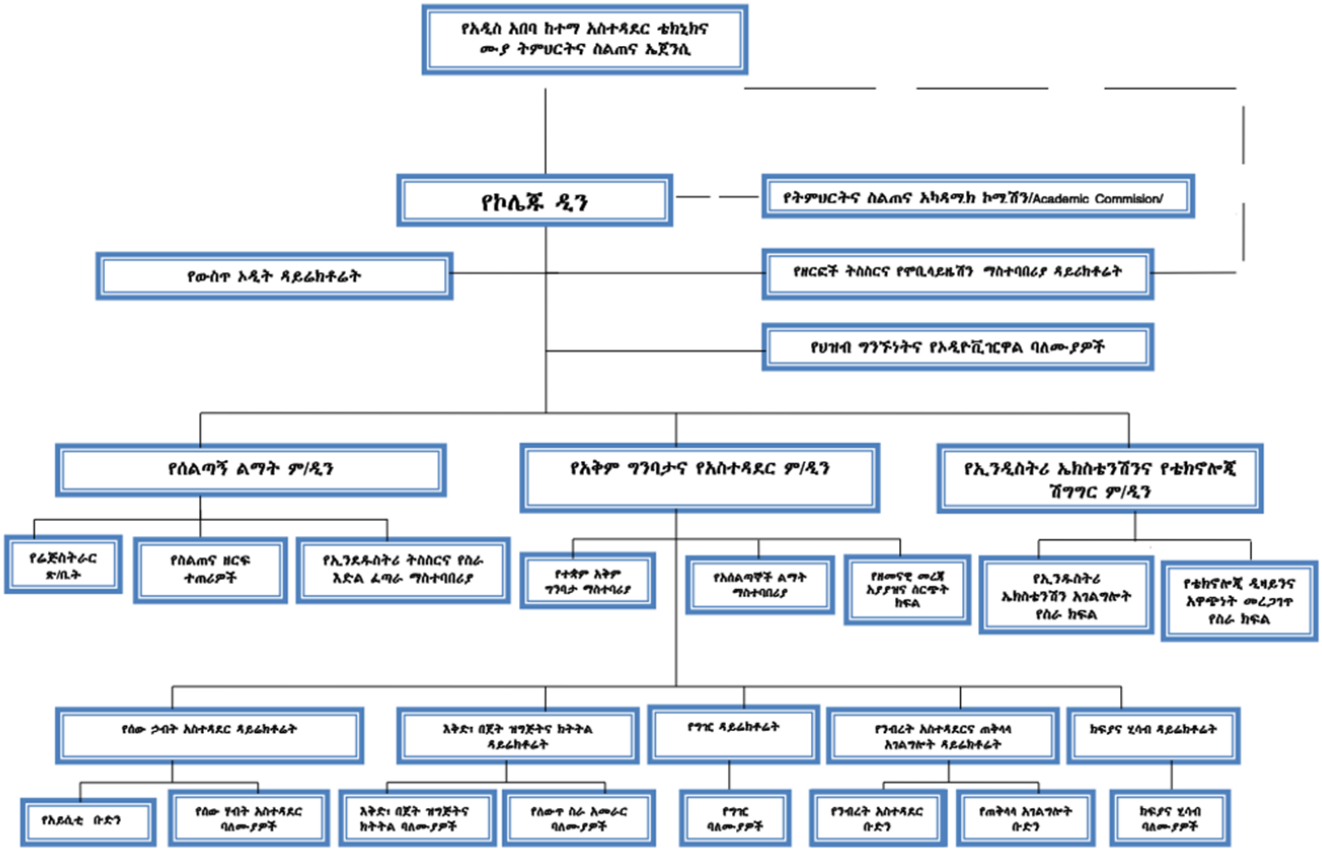



Figure 4.1. Tegbare-id structure (source college document)

## 4.2. Results from the document Tegbare-id TVET College

Tegbare-id earns the approved budget from the city administration finance and economy bureau from interview to college vice dean the allocated budget also distributed to different titles. One of the title is to allocate for those departments equally distributed from 250,000 to 300,000 birr only these also very small amount compared to the enrollments and the cost of training materials. But the allocated budget to procure the consumable materials based on the rule of government. The procurement system of the state usually used by tender. This system takes more times and its result also the cost of materials are very expensive compared to direct purchasing and it takes the allocated budget purchased few materials that means the budget scarcity arise. So for unpurchased materials also fulfills requesting additional budget. Generally in Tegbare-id the

purchasing system and its related problems highly influenced the training quality. The main challenges explained in the annual reports about procurement are lack of preparing specifications, procurement rules and regulations are ridged, cost of materials are very expensive, the quality of materials etc.

Now the college gives a training for 5021 trainees in ten departments with 260 trainers. The training are delivering in the college two and half days per a week and two days also in the company training. But to observe the classes in the college more of classes are closed especially in the afternoon time. The college managements also sometimes checking a class if the absent trainers cutting his/her salaries for the leave classes only this also the trainers earns better cessation the class for temporarily. In the cooperative training the college signing memorandum to train two days per week based on the curriculum but the college follow up mechanism also poor because of these the trainees are not taking a training in the company just to understand as rest days. On the other hand maintenance of training machines are a big problem in the college the college are used old machineries for a training. Those machines are not well done or completely stop their works because of lack of maintenance from the documents those machines are earns maintenance after damaging the allocated budget for maintenance also very small compared to the number of machines and existing problems so the training goes theoretically.

The college funded and operated by government for each fiscal year the budget allocated depend on the annual plan of the college. The budget also allocated into two titles first program or regular budget this type of budget allocated to run the regular activities of the college like staff salary, consumable training materials procurement, allowances, insurance, maintenance of cars and machines etc. second capital budget this type of budget allocated for permanent assets like building, machineries, cars etc. Nowadays Tegbare-id cannot purchasing this permanent assets without any government permissions and rules and regulations because the followed model is a bureaucratic type of model in chapter two explain briefly about this model. The college accept the allocated number of trainees and the entrance criteria's by the government bodies basically Addis Ababa TVET bureau at each year but in the college existing training facilities and the trainees enrollment also unbalanced. Each trainees taking a training with very small amount of money because of this those students are not giving the expected focusing on the training and bringing higher amount of dropout rate these also create loses on the sector going to the expected level.

| Years | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|---|---|---|
| Allocated program budget | 16,797,740 | 21,049,898 | 22,790,342 | 25,993,187 | 29,907,830 | 41,767,755 |

Table 4.1. Tegbare-id Budget allocated for each year (Source document analysis)

From the table 4.1. The budget allocated by the state year to year increases this budget also covered expenses of college activities directly related to the training. The budget of 2012/13 is 16.8 million birr on the next year 2013/14 increases by 25.3%, on the next year 2014/15 again increases by 8.26%, on the next year 2015/16 also increases by 14.05%, again 2016/17 budget year increases by 15.06% and finally in the year of 2017/18 the budget highly increases by 39.65%. From the above interpretation to understand budget always increases each fiscal year but the growth rate are not constant. The budget allocated for TVET sector is too small to build and operate enough effective TVET institutions across the country and regions for equitable access. TVET institutions are effective if equipped with minimum facility required and competent, motivated trainers and committed leaders to give quality and relevant training and ensure employability of TVET graduates.

| Years | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|---|---|---|
| Transferred from previous year | 3,550 | 3,465 | 2,729 | 2,601 | 2,662 | 3,555 |
| New Entrance | 1,735 | 1,565 | 1,558 | 2,626 | 3,608 | 1,850 |
| Total No. of trainees enrolled | 5,285 | 5,030 | 4,285 | 5,227 | 6,270 | 5405 |
| Budget per trainees | 3,178.38 | 4,184.87 | 5,318.63 | 4,972.87 | 4,769.98 | 7,727.61 |
| No. of drop out | 359 | 445 | 77 | 774 | 734 | 970 |
| No. of Graduates | 1,461 | 1,856 | 1,609 | 1,791 | 1,981 | 1,612 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Assessed | 826 | 1,356 | 1,609 | 1,100 | 1,079 | 1,210 |
| Competent | 629 | 949 | 1,045 | 770 | 786 | 907 |
| Not competent | 197 | 407 | 564 | 330 | 293 | 303 |
| Graduate employed | 750 | 615 | 748 | 882 | 516 | 819 |

Table 4.2. General information's Tegbare-id status (Source document analysis)

From table 4.2. Indicates the trainees enrolled in the college last six years and the college results. The information extracts from documents. The college result measured by its trainee's competency and graduate employability or job creation their own mechanisms. In 2012/13. The college budgeted from state government 16.8 million birr the total trainees enrolled also 5,285 among this 6.8% dropout, 1,461 trainees are finished the training properly. From the graduated trainees 826 taking national assessment and 76.15% passing and 23.85% failed the assessment, only 51.3% job placement. On the next year 21 million birr budgeted from state total enrolment of trainees are 5,030, 8.85% dropout, 1,856 finishing the training among this 1,356 taking the assessment and 69.9% passed 30.1% failed, only 33.1% job placement. In 2014/15 budget 22.7 million birr total enrollment of trainees 4285 from this 1.8% dropout, 1,609 trainees are graduated from these 64.9% passed and 35.1% failed, only 46.5% job placement. In 2015/16. the budget allocated 25.9 million birr, the number of total trainees enrolled 5,227 among this around 15% dropout, 1,791 graduated, from graduated trainees 1,100 are assessed between this 70% are competent. In 2016/17. budget allocated 29.9 million birr, the total enrollment of trainees was 6,270 this number also higher compared to the previous training years enrolled the graduated trainees in this year 1,981 and the dropout was 11.7% among the graduated trainees 1079 are taking the national assessment and passed 72.8% the job placements from total graduated trainees only 26%. On the last year 2017/18 budget allocated is 41.7 million birr, the number of enrolled trainees are 5,405, the number of dropout 17.9%, number of graduates are 1,612, the number of graduates to assess the national exam 1,210 among this 75% are competent and also 50.8% job placement in different companies.

Generally observes data gathered from the college documents the allocated budget increases through each fiscal year and also the number of trainees enrolled each year as an average 5,250. The college results measured by the number of graduated trainees at each year, competent number of trainees and on job placement of competent trainees through different companies.

From the table 4.2. The results of Tegbare-id through years the dropout rate increases interview with practitioners of Tegbare-id indicated that the TVET agency allocate the new trainees for each poly technique colleges, colleges and institutes but more of the trainees are leaves the allocated college and to select Tegbare-id this also load to both of the trainees and institute. The trainees are living far from college this also taking absents finally dropout. Additionally on the registration time the trainees are registered without any information about the departments this also creates interest problems and to pay very small amount of tuition payment. We know that the main source of funding to Tegbare-id is government this also the trainees does not focus to the training.

On the above table 4.1. Observes the government allocated millions birr to the college but the results of the college are not at the expected level. Example among graduated trainees majority working by employing in different companies but the expected results also the trainees formulate grouping for micro and small enterprises and to contribute their own sketch speedy transformation from agriculture to industry. But the proclamation No. 954/2016 also talking about "the development of necessary human resource can be achieved through the provision of demand-driven technical and vocational education and training; and that it is determined in the technical and vocational education and training strategy to build human resource capacity towards that direction". The demand of technicians in our country also high because nowadays build up different industrial parks in our country for those companies the human resource in different occupations fulfills the task of TVET. Additionally job placement of the graduated trainees this task not only the college but to collaborate with different stakeholders such as financial institutions, micro and small enterprises development agency, trade and industry bureau are the responsible but all the stockholders are not working cooperatively with at expected level.

| R.N | Department | No. of trainees enrolled | Allocated budget for consumable mat/trainee/year | Cost allocated /trainee/ year | Optimal estimated cost/trainee/ year | Total estimated cost /trainee/year | Graduated | Assessed | Competent | Employability |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Construction | 832 | 300,000 | 360.57 | 3,500 | 2,912,000 | 310 | 208 | 148 | 205 |
| 2 | Manufacturing | 394 | 300,000 | 761.42 | 8,205 | 3,232,770 | 167 | 112 | 71 | 137 |
| 3 | Biomedical | 283 | 300,000 | 1,060 | 1,700 | 481,100 | 43 | 43 | 38 | 14 |
| 4 | Automotive | 776 | 300,000 | 386.60 | 2,635 | 2,044,760 | 288 | 204 | 154 | 103 |
| 5 | Wood work | 248 | 300,000 | 1,209.67 | 6,350 | 1,574,800 | 18 | 18 | 12 | 11 |
| 6 | Electrical/Electronics | 749 | 300,000 | 400.53 | 1,500 | 1,123,500 | 180 | 160 | 111 | 111 |
| 7 | HIT (health information technology) | 230 | 250,000 | 1,086.95 | 800 | 184,000 | 60 | 60 | 54 | 54 * |
| 8 | ICT | 911 | 250,000 | 274.42 | 800 | 728,800 | 352 | 211 | 177 | 54 |
| 9 | Surveying and Drafting | 321 | 250,000 | 778.81 | 550 | 176,550 | 67 | 67 | 59 | 18 * |
| 10 | Textile and Garment | 660 | 300,000 | 454.54 | 2,250 | 1,485,000 | 127 | 127 | 83 | 104 |
| **Total** | | **5405** | **2,850,000** | **6,773.51** | **28,290** | **13,943,280** | **1612** | **1210** | **907** | **819** |

Table 4.3. Tegbare-id 2018 G.C data (source own analysis)

### 4.3.Results from the interview

In addition to the document, some experts' opinions were gathered through two interviews. The questions for the interviews were mostly adapted from the topics covered in the literature review. One of the interviews was done face to face with the Vice Dean of outcome based training of Tegbare-id. He has been working for the sector for more than 20 years. The aim of the interview was to gather data about Ethiopian TVET challenges in general and his institute in particular. The main points of the interviewee's opinions are presented below.

- The objective of the National TVET policy is to create a competent, motivated, adaptable and innovative workforce in Ethiopia contributing to poverty reduction.
- In the college, the training was implemented based on the TVET policy/strategy. But they have some challenges properly meet at the expected level. Their contribution measured according to the results of the **trainee's effectiveness in the COC and job placement** at the end of each budget year.
- The college is led from above by board members and it has one main and three vice deans.
- The major challenges in the sector are basically the **entrance criteria's of new trainees**, the **bad attitude of trainees about TVET**, **financial constraints** and the **grading system.**
- The college has not sufficient facilities still below the expected level.
- The procurement procedure to purchase teaching materials is too lengthy and bureaucratic.
- Even in the college itself, the budget is allocated to all departments equally without critical consideration of the training cost behavior of the department. The indicators are from the table 4.3 all programs are allocated from 250,000 to 300,000 birr only this amount also only two departments HIT & Surveying good allocation for the others are not.
- To reduce the challenges and to improve organizational performance, the college has taken measures such as, delivering cost saving training the trainers preparing projects and operation sheet and to follow properly, working on the attitude of the trainees about TVET benefits etc.

- As it was discussed so far, the major source of finance in the college is the government which creates high stress for both parties (the government and the college). Therefore, it is better for the government to permit the college to create other financial sources to balance the budget constraints.

The second interview was done with the college industry extension and technology transfer vice dean, who has been working in the college for 12 years. The aim of the interview was to gather firsthand information about technological challenges happening in the college. The main points of the interviewee's opinions are presented below.

- The main objective of TVET in Ethiopia to create competent work force and Strengthen TVET institutions in view of making them Centers for Technology Capability, Accumulation & Transfer.
- Widely doing with micro and small enterprises giving short term trainings according to the strategy with in four title like Kaizen, skill gap, entrepreneurship and book keeping. Additionally transfer technologies to increase product quality and productivity.
- The main problem in doing technologies are supplying of materials.
- The major factors affects the overall training process are gaps preparation of specification for purchasing materials, supplying of training materials, unbalanced the allocated and required budget.
- To minimize the problem, different measures were taken such as, using used materials for technologies, sometimes permitted by management other purchasing system listed on the rules etc.
- TVET needs more have practical training it require higher investment to facilitate training materials and machines. The allocated budget is also very small compared to the expected level so to balance the budget and number of students, doing strongly with different governmental and non-governmental companies cooperatively about the training.

Generally the gathered data from document and interviews the college performance and planning are not matching. From the document result and expert opinions the major problems affecting college performance are the purchasing mechanism, inadequate budget, over trainee's enrollment in the college, inadequate infrastructure, lower interests of trainees, inadequate training materials, and weak follow up system in the teaching learning process and finally poor handling of training tools and equipment all the above problems are directly related to finance and its management system. To compare performance of Tegbare-id college to the non-governmental Selam TVET college. From the above listed problems the serious are scarcity of budget and

inadequate infrastructure are major problem because from the observation hard skill training needs high investment all the training materials are bought every year for practical training the other also this training needs technological training machineries especially in manufacturing, woodworking and automotive departments. In the college automotive department well organized but in the other two programs the training machineries are outdated. The technology going very speedy so it needs changing those obsolete machineries. The other serious problem is purchasing mechanisms this also impacted the training by time showing from the above open bidding system needs minimum above three months.

### 4.4.Selam TVET College

Selam children's village founded in 1982 G.C by Tsehay Roshli. The main aim on that time is to help the parentless children's especially by shelters and foods. Then continues the donations by health and education. Selam TVET College is one wing of founded after 1982 G.C. The objective of the institute is the donation children's educated up to high school and fail national exam on 10th grade directly enter to the TVET training.

In my observation and interview with college practitioner indicated that the college is well organized with different training facilities. The college also accept new trainees based on the government stated entrance criteria's. Additional to governmental criteria's accept trainees to the lower income families. The trainee's also paying small amount of tuition fees up to 10% of the total cost from individual's expense. The college giving the training in ten programs from level one to four. The training time also guided by government strategies. The majority of the budget allocated from internally recover (50%) and foreigners by donation (40%) the rest (10%) covered by trainees. The budget allocated with two titles. First program budget the allocated amount is minimum 70%, second administrative budget the allocated amount is maximum 30%.

| Years | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|---|---|---|
| Allocated Program budget | 20,123,759 | 21,440,133 | 23,127,933 | 24,137,854 | 24,465,971 | 28,664,098 |

Table 4.4. Selam budget allocated (Source document analysis)

The college to plan and purchase different training facilities by using different methods of purchasing mechanisms. Especially surveying the markets and to collect the documents from

different suppliers then purchased. This mechanism very fast and cost effective from tendering method of purchasing. The result of this methods are there is no shortage of finance, the training is giving on time basically practical training is done on time, and assess on time. The strategy also covered fully the final result of the college is better the indicators are their results mentioned in the above and also awards in 2016 G.C from Africa union best top ten TVET college in Africa.

The college has one industry to produce different machineries especially agricultural machines the college trainees also taking practical training in the industry and to create different technologies. And also now opening new academy that is Misale commercial vehicles driving academy works cooperatively with Equatorial Business Group private company.

| Years | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|---|---|---|
| Transferred from previous year | 356 | 363 | 372 | 374 | 414 | 417 |
| New Entrance | 161 | 205 | 296 | 305 | 305 | 379 |
| Total | 517 | 568 | 668 | 679 | 719 | 796 |
| Budget per trainee | 38,924.21 | 37,746.71 | 34,622.65 | 35,549.12 | 34,027.77 | 36,010.17 |
| No. of drop out | 3 | 9 | 11 | 9 | 6 | 12 |
| No. of Graduates | 151 | 187 | 283 | 256 | 296 | 287 |
| Assessed | 151 | 187 | 283 | 256 | 296 | 287 |
| Competent | 149 | 177 | 276 | 249 | 277 | 265 |
| Not competent | 2 | 10 | 7 | 7 | 19 | 22 |
| Graduate employed | 138 | 173 | 269 | 241 | 273 | 254 |

Table 4.5. General information Selam TVET status (Source document analysis)

The performance of Selam TVET College is better than Tegbare-id's College because the average allocated budget in Selam within six years **23,659,928** ETB, number of trainees enrolled 658, average each year assessed national exam and graduated trainees 244, number of competent 95%, employability 92%. In Selam the allocated budget is higher to train each trainee's enrollment. Tegbare-id also an average last six years performances are the allocated budget **26,384,458.66** ETB, number of trainees enrolled 5250, number of graduated trainees 1718,

number of assessed trainees, 1197 (69.7%), competent trainees 849 (71%) and Job placement 722 (42%). The colleges are guided by the same TVET strategy the only difference the financial system implementation. Tegbare-id follows the governmental rules also Selam sketches the system based on their interest the differences are visible because in Tegbare-id the purchasing of materials used mainly by open bidding system this also taking minimum three months in Selam the purchasing system used by proforma the purchasing of materials done by market study committee. The purchasing office collects buying training material list from each departments then checked and filtered then to give for market study committee. This committee checking the materials available in the market or not and to collect proforma with in one or two days and return in the college open the proforma together finance and purchasing head and to check the specifications and prices of materials. The specification meets to the interests of the college next to see the lowest price then to give rewards to the winners suppliers this process more valuable based on time, quality and cost of materials. The practical training is delivered on time at the expected level.

### 4.5.Selam structure

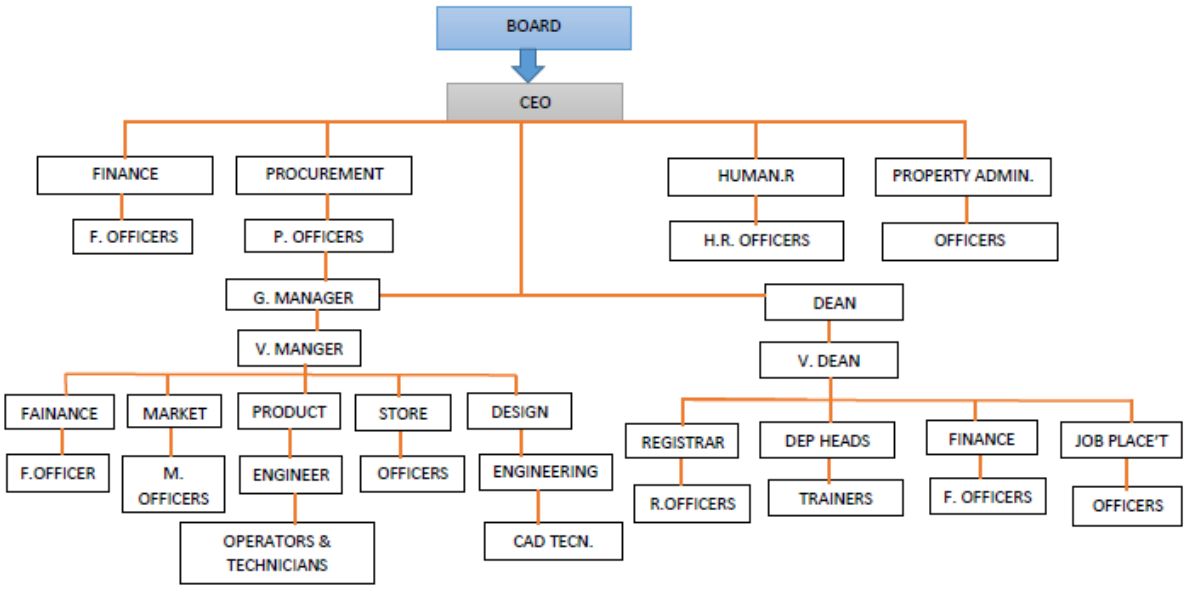



Figure 4.2. Organizational Structure

**4.6.Source of funding**

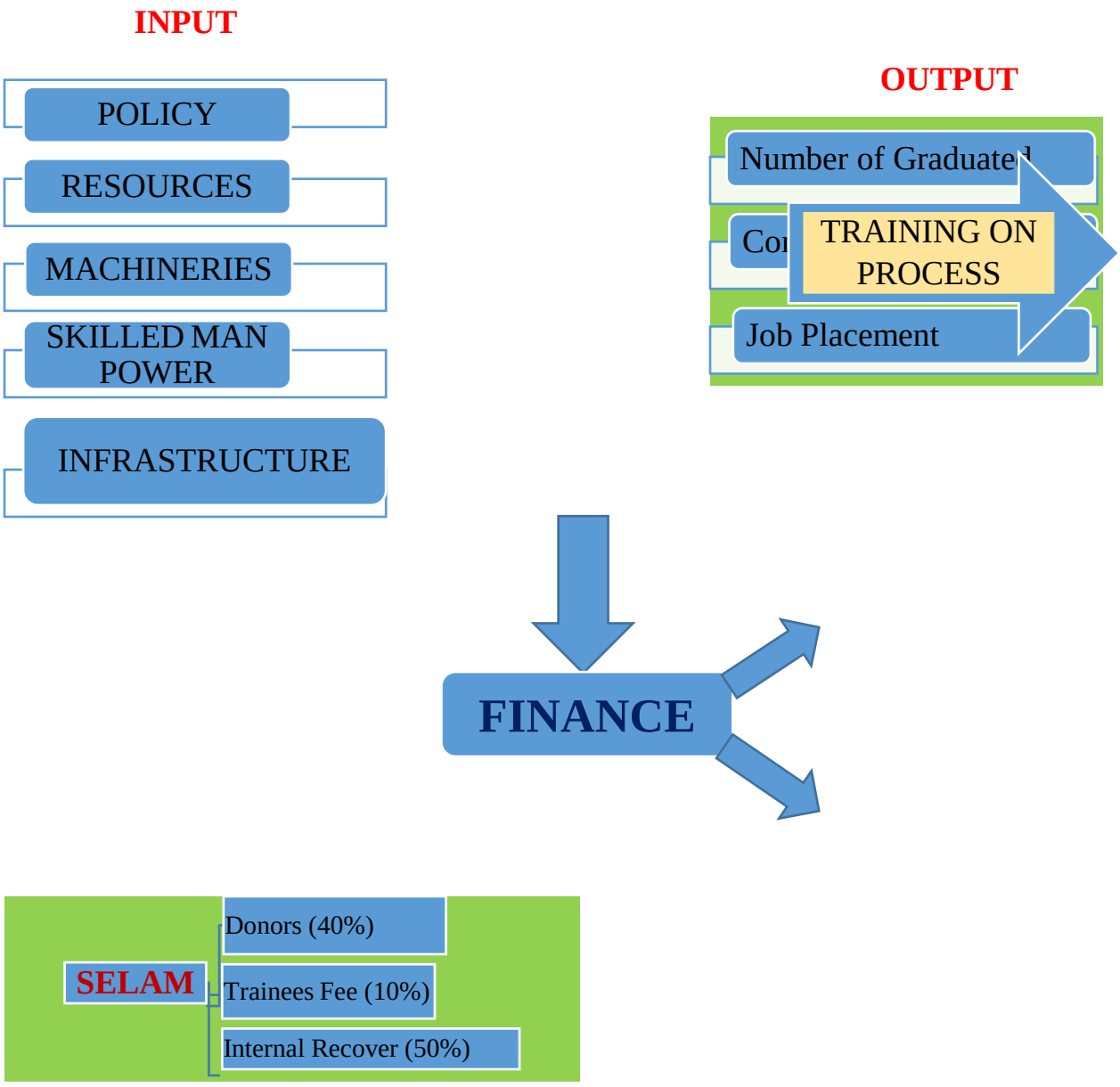



Figure 4.5. Sources of finances used in both colleges

The major expected outcomes of the TVET's are to produce competent graduates. That graduates are easily to compete and placed on job. The process in TVET to give effective training the basic inputs are policy, resources, machineries, skilled man power (trainer) and infrastructures. Except policy the rest of inputs are needed enough finances. The figure shows the basic sources of finance in the two colleges. In Tegbare-id the major finance source is government. The government covers 90% of total budget, the second finance source also internal sources the college gives different services like training, from rents of trade houses etc. around 7% the last finance source from trainee's fee 3%. In Selam TVET College the major finance sources are internal recover and donor's the allocated budgets are 50% and 40% respectively the rest of 10% collected from trainees.

## 4.7. Results and Discussion

### 4.7.1. Comparative analysis of Tegbare-id and Selam training system

The tabular outline of similarities and differences between the financial systems in the two colleges presented in Table 4-5 below highlights notable similarities, differences.

| Categories | Tegbare-id Poly Technique College | Selam College |
|---|---|---|
| Funding methods | ✚ From state government and<br>✚ Very small amount of trainee's fee. | ✚ From foreign donation, internally recover and<br>✚ Small amount of trainee's fee. |
| Supplying of training facilities | ✚ Machineries by few departments supports with international donors, and to procure state government by using tenders. | ✚ For all departments training machineries are supplied by international donors.<br>✚ Mainly the consumable materials purchased using fast methods usually. |
| Trainees assessment methods | ✚ The assessment method mainly by each unit of competencies but the assessment method usually theoretical in the college. | ✚ The assessment method both theoretical and practical by each unit of competencies. |
| Cooperative training | ✚ The trainers/trainees searching desiring companies to give the | ✚ The college officers doing these task to search and |

| | | |
|---|---|---|
| | training cooperatively after starting the training<br>- More of the companies are governmental.<br>- The training is giving two days per week up to finishing the allocated time on the training, the college trainers follow their students if he/she is can. | sign memorandum from the companies to give the training before starting the training year.<br>- The industry trainers give the training practically for a short period of time usually from 1 to 2 months continuously.<br>- Most of the company paying small amount of money to the trainees. |
| Graduate employability | - The college officers Searching job opportunities and to linking the trainees | - Majority of the trainees employed by the company to give cooperative trainings. The rest also earning by their own or by college job search officers. |
| Staff evaluation | - Staff evaluates two times within a year. There is no any activities depend on the evaluation results. | - Staff also evaluates based on their own plan. Then to give rewards or punishment based on their achievements. |
| Budget allocation | - The state allocated a budget for different titles one of the title is training this budget distributed for each department equally. | - The budget allocated for each departments based on their own plan and activities. |
| Trainers trainees ratio | 1:20 | 1:25 |
| Challenges | - High dropout rate<br>- High trainers turnover<br>- Majority the training machineries are outdated<br>- Trainees interest<br>- Employability<br>- There is no proper maintenance schedule. | - Some training machineries are outdated<br>- Trainees prefer job opportunities |
| Quality assurance | - TVET quality assured by | - Quality assurance done |

| | | |
|---|---|---|
| | designated quality assuring bodies | designated quality assuring bodies and ISO |

Table 4.5**.** Comparative analysis of public and NGO's colleges

## 4.8. Similarities and differences in TVET implementation of Tegbare-id and Selam colleges

### 4.8.1. Funding method

In the two college the funding system partially similar. In Tegbare-id, government subsidizes a greater percentage of program costs the rest also covered by internally and trainee's fee. In Selam, the document indicates that the training could funded adequately by donors the rest covered by trainees fee. The amounts also differs.

### 4.8.2. Supplying of training facilities

The basic inputs in TVETs are supplying of teaching learning facilities. In Tegbare-id facilities are supplied passing through governmental procurement rules. This means any purchasing activities made by tenders. In Selam College the purchasing of facilities especially consumable training materials purchased by directly collecting proforma from different supplier's compete the prices and quality of materials based on their needs then purchased. The machineries are supplied by donors directly. In Tegbare-id some departments supported by donors from KFW (Germany company). By the governmental rules Tegbare-id cannot purchase large machineries their own process.

### 4.8.3. Training assessment method

The needs of assessment in TVETs are not questionable. The strategy said that any trainee covered one unit of competence (UC) assessed by their trainer and passing to the next unit of competence. Finally covered all the competencies assessed in the college passing this assessment go to COC for the national assessment. In Tegbare-id the implementation of strategy poor the

trainees assessed after covering all UC. In Selam the strategy implemented effectively the college management's follow-up also good.

#### 4.8.4. Cooperative training

The effectiveness of TVET training giving cooperatively with the industry. In Tegbar-id companies searched by trainers/trainees. The company and college signed memorandum of understanding giving a training cooperatively. The trainees trained three days in the college and two days in the company in a week. The trainers to follow the in company training well done. In Selam college searching of training companies by job and advising service office. Signed MoU and also follow the trainees in company training with trainers. The trainees trained in company from one to two months continuously. The company also paying pocket money for the trainees.

#### 4.8.5. Graduate employability

Employability rate in both colleges are looks like. In Tegbare-id college the graduated trainees list documented in the job opportunity office. The main task of this office is creating relations with different governmental and non-governmental organization for cooperative training and job placement purpose. Based on this companies needs the required employee contact to this office the offices also linked the graduate trainees. In Selam college has the job placement office this office doing their tasks before ends the training. Majority of the trainees employed in the company giving cooperative training.

#### 4.8.6. Trainers trainees ratio

The trainer/student ratio setting as TVET strategy is 1 to 25. In both of the college meet the requirements/standards.

#### 4.8.7. Challenges

Challenges facing technical and vocational education and training in Tegbare-id include High dropout rate, high trainer's turnover, most of the training machineries are outdated, poor trainees interest, low employability and lack of proper maintenance schedule. In Selam College the practitioner explained the major problems are some of training machineries outdated and trainees prefer job opportunities.

#### 4.8.8. Quality assurance

TVET strategy plan (2008) introduced outcome based and Occupational standard curriculum, Occupational of Competency assessment of TVET graduates through independent of body, the

office of Center of Competency (COC). In addition, the strategy introduced several TVET capacity building initiatives that would improve quality of TVET delivery such model curricula development, upgrading infrastructures, and upgrading trainers and leaders using Ethiopian government own finance and international support. The office of Center of Competency has been established. Occupational assessment tools have been developed for different level of qualifications. Trainings have five different levels: Level 1, Level 2, Level 3, Level 4 and Level 5. The strategy demands students should complete first level and pass CoC before join the next level to ensure quality of TVET training. The arrangement can be registered as a good achievement to achieve quality though there are some limitations to the arrangement. In both colleges done the quality method are the same but Selam College implemented ISO standards and competed internationally.

# CHAPTER FIVE

# 5. CONCLUSION AND RECOMMENDATION

## 5.1.Conclusion

This thesis analyzed and compared the TVET funding system in public and NGOs Colleges to determine their similarities and differences for further work. Tegbare-id poly Technique College from government was compared to one of the known NGO College, Selam College. Quality of graduates in government funded TVETs is poor as they are not responsive to the skills need of the economy and the industry. The challenges are poor entrance criteria's of TVET trainees, poor attitudes of trainees for TVET, grading system and financial constraints.

The findings indicated that the allocated budget and the trainee's enrollment in public (Tegbare-id) college is not balanced. Furthermore, their performance is under the planned and the expected level due to lack of proper follow up and supporting of the training. Tegbare-id gives hard skill training which needs more of practical approach. However, lack of adequate training facilities hinder the trainees to take the lesson without their interests and accelerate the dropout rate sky-rocketed.

There is no questions about the needs of the sector but there are many challenges on the way of giving the training so as to remove the problems explained above and to achieve high score. According to the finding of this study, in order to make TVETs power full and influencing agents on poverty reduction of the country, implementing an improved independent financial system. One of the remarkable benefit of the study is that it check and balance the plan and implementation reports system to adjust the budget based on the existing scenarios.

## 5.2.Recommendation

- When the state allocating the budget focusing on the number of trainees enrollment in the college and behaviors of each programs including demands of the program.
- Develop and standardize a unit cost for TVET students. Prepare and apply a legally-supported standard unit cost, to be developed from scientific calculation methods, for any TVET student who enrolls in any level, depending on the subject they pursue.
- The strategy talks in the long range TVET operated by industry. If this plan quickly implemented the government permitting a long term loans to the college. The college also planning strategic plans and budgeted their own activities without any state interfere.
- The board of the college spread new procurement operations to improve the quality of training.
- The college has to create international relations from competent companies in order to do earns technological training equipment with long term payments.
- Since the training is project based, the college has to give the training in line with manufacturing of different products based on stockholders needs like machines, furniture's etc. related to the training.
- A strong entrance criteria's which filter competent candidates have to be designed and the grading system and tuition fee have also reconsidered to upgrade the quality of TVET.
- The efficiency and effectiveness of TVET colleges are depend on the required time to train competent graduates and commitment of all stake holders working for the betterment of the training.
- Creating linkage with industrial parks is crucial to improve skill of trainees and to solve the problems of parks which has cumulative effect on the overall development of the country.

- Introducing performance based TVET institutions and skill development programs financing mechanisms.
- Capacitating TVET institutions to have internal revenue generating mechanism.

**Glossary**

The following technical terms are used in this paper as defined hereunder:-

**Technical and vocational education and training** is education and training to acquire the practical skills, know-how and understanding necessary for employment in a particular occupation, trade or group of occupations or trades (UNESCO in African Union, 2007:19).

**Quality training: -** is defined as a measure of the training received in meeting the knowledge and skills objectives, is at the heart of effective vocational training (African Union, 2007:36)

**Training: -** Technical and Vocational Education and Training provided through formal program leading to certificates of different levels.

**Trainer: -** a person who engages in training activity at training institution. (Federal Negarit Gazette No 78, 27th May, 2016)

**Trainee**: - an individual who participates in a technical and vocational education and training program that involves a cooperative training with a view to acquiring occupational competence and enhance skill, develop his professional ethics and attitude.( Federal Negarit Gazette No 78, 27th May, 2016)

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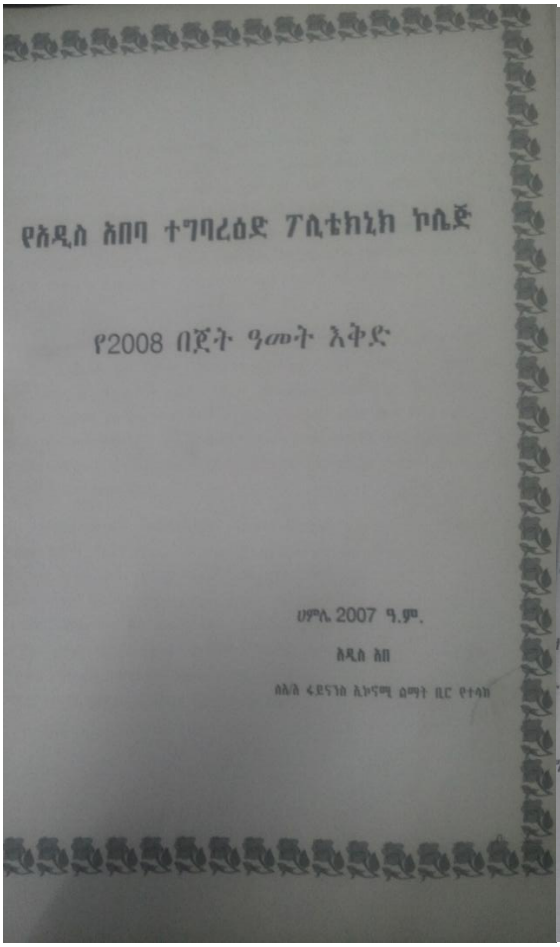
# Annexes

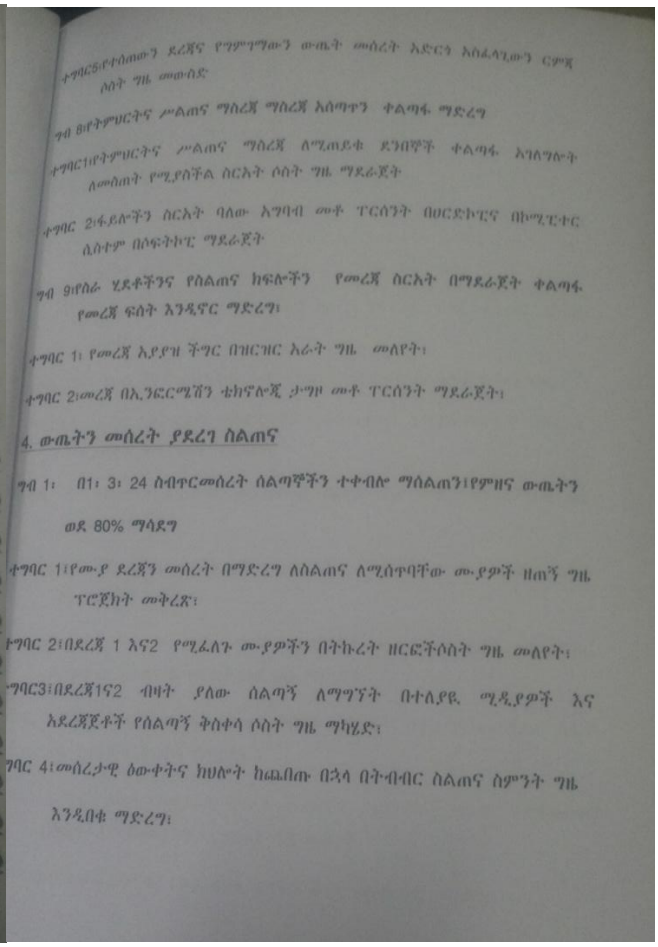
## Annex 1. Documents of Tegbar-id College


የአዲስ አበባ ተግባረዕድ ፖሊቴክኒክ ኮሌጅ

የ2008 በጀት ዓመት እቅድ

ሀምሌ 2007 ዓ.ም.

አዲስ አበባ


ተግባር5፡ዮተሰጠውን ደረጃና የግምገማውን ውጤት መሰረት አድርጎ አስፈላጊውን ርምጃ ሶስት ግዜ መውሰድ

ግብ 8፡የትምህርትና ሥልጠና ማስረጃ ማስረጃ አሰጣጥን ቀልጣፋ ማድረግ

ተግባር1፡የትምህርትና ሥልጠና ማስረጃ ለሚጠይቁ ደንበኞች ቀልጣፋ አገልግሎት ለመስጠት የሚያስችል ስርአት ሶስት ግዜ ማደራጀት

ተግባር 2፡ፋይሎችን ስርአት ባለው አግባብ ሙቶ ፕርሰንት በሀርድኮፒና በኮሚፒተር ሲስተም በሶፍትኮፒ ማደራጀት

ግብ 9፡የስራ ሂደቶችንና የስልጠና ክፍሎችን የመረጃ ስርአት በማደራጀት ቀልጣፋ የመረጃ ፍሰት እንዲኖር ማድረግ፡

ተግባር 1፡ የመረጃ አያያዝ ችግር በዝርዝር አራት ግዜ መለየት፡

ተግባር 2፡መረጃ በኢንፎርሜሽን ቴክኖሎጂ ታግዞ ሙቶ ፕርሰንት ማደራጀት፡

4. ውጤትን መሰረት ያደረገ ስልጠና

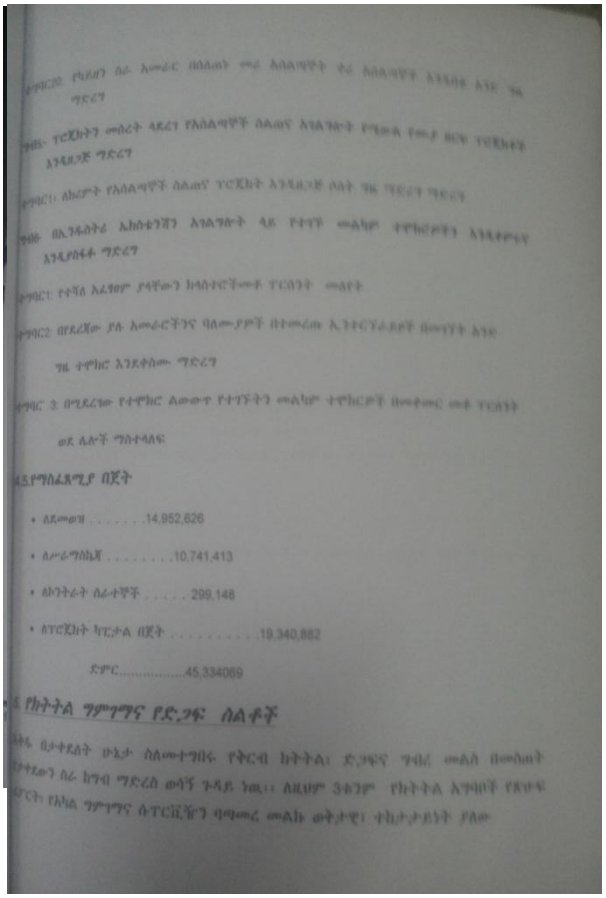
ግብ 1፡ በ1፡ 3፡ 24 ስብጥርመሰረት ሰልጣኞችን ተቀብሎ ማሰልጠን፡የምዘና ውጤትን ወደ 80% ማሳደግ

ተግባር 1፡የሙያ ደረጃን መሰረት በማድረግ ለስልጠና ለሚሰጥባቸው ሙያዎች ዘጠኝ ግዜ ፕሮጀክት መቅረጽ፡

ተግባር 2፡በደረጃ 1 እና2 የሚፈለጉ ሙያዎችን በትኩረት ዘርፎችሶስት ግዜ መለየት፡

ግባር3፡በደረጃ1ና2 ብዛት ያለው ሰልጣኝ ለማግኘት በተለያዩ ሚዲያዎች እና አደረጃጀቶች የሰልጣኝ ቅስቀሳ ሶስት ግዜ ማካሄድ፡

ግባር 4፡መሰረታዊ ዕውቀትና ክህሎት ከጨበጡ በኋላ በትብብር ስልጠና ስምንት ግዜ እንዲበቁ ማድረግ፡



ግብር2፡ የሳይን ስራ አመራር በዕለቱ መሪ እስልጣኖት ቀሪ እስልጣኖት እንዲሰጥ እንዲ ግስ ማድረግ

ግብ3፡ ፕሮጀክትን መሰረት ላደረገ የአስልጣኖች ስልጠና እንልግሎት የሚውል የመያ ዘርፍ ፕሮጀክቶች እንዲሰጋጅ ማድረግ

ግብር፡ ለክሮት የአስልጣኖች ስልጠና ፕሮጀክት እንዲዘጋጅ ስልት ግዜ ማደረግ ማድረግ

ግብ4፡ በሊንፋስትሪ ኤክስቴንሽን አገልግሎት ላይ የተገኙ መልካም ተሞክሮዎችን እንዲቀመሩና እንዲሰፋፉ ማድረግ

ግብር፡ የተባለ አረዝመ ያሳቸውን ክላስተሮችመቶ ፕርሰንት መልየት

ግብር2: በየደረጃው ያሉ አመራሮችንና ባለሙያዎች በተመረጡ ኢንተርፕራይዞች በመገኘት እንደ

ግዜ ተሞክር እንደቀስሙ ማድረግ

ግብር 3: በሚደረገው የተሞክር ልውውጥ የተገኙትን መልካም ተሞክሮዎች በመቀመር መቶ ፕርሰንት

ወደ ሌሎች ማስተላለፍ

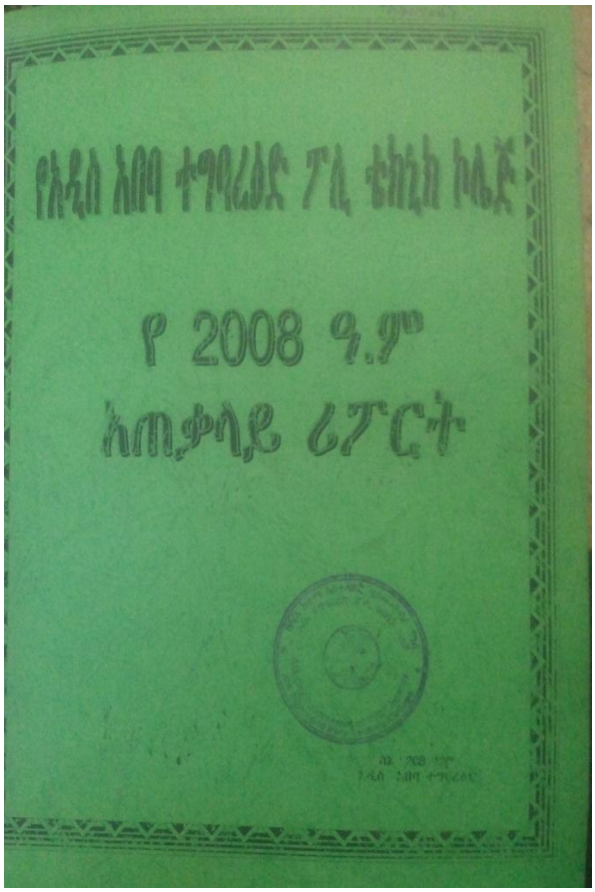
**4.5.የማስፈጸሚያ በጀት**

- ለደመወዝ . . . . . .14,952,626
- ለሥራማስኬጃ . . . . . .10,741,413
- ለክንትራት ሰራተኞች . . . . . 299,148
- ለፕሮጀክት ካፒታል በጀት . . . . . .19,340,882

ድምር.....45,334089

## 5. የክትትል ግምገማና የድጋፍ ስልቶች

እቅዱ በታተደሰት ሁኔታ ስለመተገበሩ የቅርብ ክትትል፣ ድጋፍና ግብረ መልስ በመስጠት ታተደውን ስራ ከግብ ማድረስ ወሳኝ ጉዳይ ነዉ። ለዚህም ዓቀንም የክትትል አግባቦች የጸደቁ ፎርም፣ የአካል ግምገማና ሱፐርቪዥን ባማመረ መልኩ ወቅታዊ፣ ተከታታይነት ያለው



የአጫጭር ጊዜ ስልጠናን በሚመለከት

- በትኩረት ዘርፎች ለሚፈጠሩ የስራ እድሎችና ለመንግስት ግዙፍ ፕሮጀክቶች ብቁ የሰው ሀይል ፍላጎትን መሰረት በማድረግ 1000 ስራ ፈላጊ ዜጎችን በአጫጫር ስልጠና በማሰልጠን የሙያ ባለቤት ለማድረግ ዕቅድ ተይዞ ወንድ 263 ሴት 379 በድምሩ 642 ሰልጣኞችን በአጫጭር ስልጠና አሰልጥኖ የሙያ ባለቤት በማድረግ በዕቅድ የተያዘውን 64% ለማሳካት ተችሏል፡፡

2.4.2 በመንግስትም ሆነ በግል ተቋማት የምዘና ስራ አፈፃፀም

- የመደበኛ ሰልጣኞች በምዘና ብቁ የመሆን ምጣኔ አሁን ካለው 65 በመቶ ወደ 68

ሀ/የሚያጠናቅቁ ሰልጣኞች ምዘና

- ከሚያጠናቅቁ 1791 ሰልጣኞች ውስጥ 1100 ሰልጣኞች ተመዝነው 770 ሰልጣኞች ብቁ ሆነዋል ይህም በመቶኛ ሲሰላ 70% ነው፡፡

ለ/ ከደረጃ ወደ ደረጃ የሚሸጋገሩ ሰልጣኞች ምዘና

- ከደረጃ ወደ ደረጃ ከሚሸጋገሩት 2662 ሰልጣኞች ውስጥ 1000 ሰልጣኞች ተመዝነው 729 ሰልጣኞች ብቁ ሆነዋል ይህም በመቶኛ ሲሰላ 72% ነው፡፡
- በአጠቃላይ ከሚያጠናቅቁና ከሚሸጋገሩ 4453 ሰልጣኞች ውስጥ 2100 ሰልጣኞች ተመዝነው 1490 ሰልጣኞች ብቁ ሆነዋል ይህም በመቶኛ ሲሰላ 71 % ነው፡፡

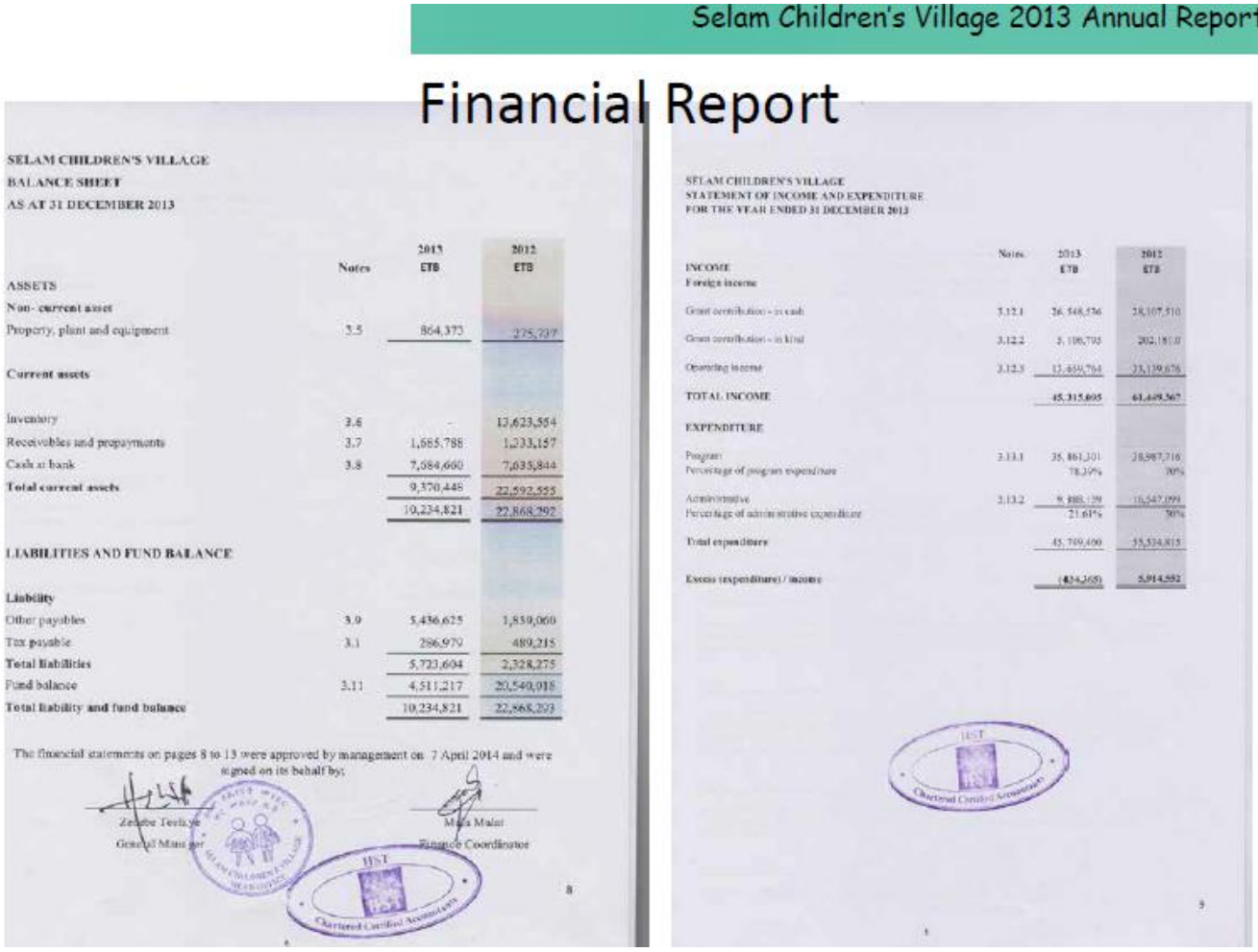
ሐ/ በአጫጭር ስልጠና

- በአጫጭር ስልጠና ከሰለጠኑ 642 ሰልጣኞች ውስጥ 333 ሰልጣኞች ተመዝነው 333 ሰልጣኞች ብቁ ሆነዋል ይህም በመቶኛ ሲሰላ 100% ነው፡፡

የትብብር ሥልጠና አፈፃፀም

- የትብብር ሥልጠና ሽፋን ከ70 በመቶ ወደ 85 በመቶ ለማድረስ የሚል ዕቅድ ተይዞ ለትብብር ስልጠና መስጫነት 58 አዲስ 112 ነባር በድምሩ 170 ካምፓኒዎችን ኢንዲሁም 80 አዲስ 168 ነባር በድምሩ 248 ጥቃቅንና አነስተኛ ኢንተርፕራይዞችን

## Annex 2. Annual financial report of Selam College



Selam Children's Village 2013 Annual Report

Financial Report

SELAM CHILDREN'S VILLAGE
BALANCE SHEET
AS AT 31 DECEMBER 2013

| | Notes | 2013 ETB | 2012 ETB |
|---|---|---|---|
| ASSETS | | | |
| **Non- current asset** | | | |
| Property, plant and equipment | 3.5 | 864,373 | 275,737 |
| **Current assets** | | | |
| Inventory | 3.6 | - | 13,623,554 |
| Receivables and prepayments | 3.7 | 1,685,788 | 1,233,157 |
| Cash at bank | 3.8 | 7,084,660 | 7,035,844 |
| **Total current assets** | | 9,370,448 | 22,592,555 |
| | | 10,234,821 | 22,868,292 |
| LIABILITIES AND FUND BALANCE | | | |
| **Liability** | | | |
| Other payables | 3.9 | 5,436,625 | 1,839,060 |
| Tax payable | 3.1 | 286,979 | 489,215 |
| **Total liabilities** | | 5,723,604 | 2,328,275 |
| Fund balance | 3.11 | 4,511,217 | 20,540,018 |
| **Total liability and fund balance** | | 10,234,821 | 22,868,293 |

The financial statements on pages 8 to 13 were approved by management on 7 April 2014 and were signed on its behalf by:

Zeleke Tesfaye
General Manager

Mela Malot
Finance Coordinator

SELAM CHILDREN'S VILLAGE
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2013

| | Notes | 2013 ETB | 2012 ETB |
|---|---|---|---|
| INCOME | | | |
| Foreign income | | | |
| Grant contribution – in cash | 3.12.1 | 26,548,536 | 28,107,510 |
| Grant contribution – in kind | 3.12.2 | 5,106,795 | 202,181.0 |
| Operating income | 3.12.3 | 13,660,764 | 33,139,676 |
| TOTAL INCOME | | 45,315,695 | 61,449,367 |
| EXPENDITURE | | | |
| Program | 3.13.1 | 35,861,101 | 38,987,716 |
| Percentage of program expenditure | | 78.39% | 70% |
| Administrative | 3.13.2 | 9,888,139 | 16,547,099 |
| Percentage of administrative expenditure | | 21.61% | 30% |
| Total expenditure | | 45,749,460 | 55,534,815 |
| Excess (expenditure) / income | | (434,765) | 5,914,552 |

Trainee's Enrollment @SDRTVC(2013/14)

| Department | Year I(New) | | | Year II | | | Year III | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | M | F | T | M | F | T | M | F | T | |
| Manufacturing | 45 | | 45 | 32 | 1 | 33 | 53 | 1 | 54 | 132 |
| Automotive | 76 | 2 | 78 | 36 | 2 | 38 | 26 | | 26 | 142 |
| Electricity | 41 | 7 | 48 | 9 | 2 | 11 | | | | 59 |
| Furniture Making | 18 | | 18 | 1 | | 1 | 12 | | 12 | 31 |
| Food Preparation | 2 | 33 | 35 | 3 | 24 | 27 | | | | 62 |
| Administrative office secretarial technology | | 20 | 20 | | 18 | 18 | | 15 | 15 | 53 |
| Information technology | 5 | 10 | 15 | 11 | 12 | 23 | | | | 38 |
| Total | | | | | | | | | | 517 |

**Annex: 3. Questions to be interviewed college OBT vice dean**

The purpose of this interview guide is to gather additional information for the study on "the impact of financial constraints in Addis Ababa Tegbare-id College.

1. Could you please mention the major objective of the TVET Policy in the Ethiopian Education and Training?
2. Can you please explain how the current outcome based TVET Strategy has been implementing in your institution? How do you evaluate your contribution towards the realization of this strategy?
3. Could you please tell me the structural organization of your management system?
4. What are the major factor affecting the effectiveness of TVET training?
5. Do you think training facilities and infrastructures in your institution are sufficient?
6. Do think that your institution faced by financial problem resource?
7. Do the raw materials arrive for practical training in time?
8. How to distribute the allocated budget for those departments?
9. What measures are taken so far to minimize the problems?
10. Please suggest your opinion regarding to the financial system in the college?

**Annex: 4. Questions to be interviewed college industry extension and technology transfer vice dean**

1. Could you mention please what is the major objective of TVET policy in Ethiopian education and training?
2. How do you work with MSE?
3. Do raw materials provided for technology arrive in time?
4. Do you think equipment and facilities in your college are sufficient?
5. What are the major factors when working technologies?
6. What measure were taken to minimize the problems?
7. Please suggest possible solution to alleviate the existing problems?