

Clarification | klarifi'kerf(ə)n |

noun
action of making a statement or situation less confused and more comprehensible

NAMIBIA TRAINING AUTHORITY (NTA) CLARIFIES INACCURATE MEDIA REPORT ON ITS NATIONAL TRAINING FUND AND VOCATIONAL EDUCATION AND TRAINING (VET) LEVY PROGRAMME

As custodian of the NTF, which was the object of a front-page article in local daily, 'The Namibian', on Monday, 17 October 2022, which purported a narrative that the fund is inefficient and that levies are underutilized, the NTA wishes to clarify the following:

1. From the onset, we wish to emphasize that the journalist in question, Ms. Shelleygan Petersen, never contacted us, or any of our representatives, in offsetting and validating information, failing in her ethical and professional responsibility to extend us a right of reply.
2. Ms. Petersen's article is informed by the Namibia country chapter of UNESCO's 2019 'Global Review of Training Funds' brief, which by its very format is a succinct and summative overview, validating the need for deeper analysis. It is unfortunate that she decided not to corroborate information contained in the UNESCO brief, which included several inaccuracies, inter alia:
 - a. **"In fact, the proportion of the levy actually disbursed to employers for training has been declining every year since the levy was launched in 2014, from 22 per cent (2014-15) to 9 per cent (2017-18)".** Bar two disbursement cycles, the proportion of levy disbursed to eligible employers who submitted valid Employer Training Grant (ETG) claims have been increasing from about N\$52 million at inception in 2014/15, (77% disbursement rate) to about N\$51 million in 2018/19. (52% disbursement rate), to about N\$60 million in 2019/20 (55% disbursement rate).
 - b. **"Three quarters of levy funds are spent on the Key Priority Grant (KPG), which cover the cost of training interventions approved by the NTA Board of Directors".** All levies are disbursed, as prescribed by regulations, and in line with the following allocations: 35% for KPGs; up to 50% for ETGs; and up to 15% for the NTA's administration costs, known as the Administration Grant (AG).
 - c. **"About 15% of levy funds are spent on administration, which is a higher proportion of the levy than employers receive back as training grants".** This is inaccurate. Never, since the inception of the VET Levy programme have annual ETG disbursements been less than the funds the NTA accessed annually through the 15% AG. Furthermore, never in any of the financial cycles has the NTA utilized the full 15% it had access to.
 - d. **"At the end of March 2019, the NTA had a surplus of N\$940 million".** This is incorrect. The bank balance as at the end of March 2019 was N\$744 million.
 - e. **The outreach of the ETGs to levy-paying employers is very low; only 9 per cent of the total number of employers registered with the NTF (2014-18) have received ETGs.** As at the end of the 2018/19 financial year, a total of 2,895 employers were registered as VET levy payers, who may claim up to 50% of levies paid annually, on condition that their claims are supported by evidence of actual training costs incurred. In terms of ETG disbursements, a total of N\$ 164 million has been paid out (N\$ 50.9 million for the 2014/15 financial year, N\$ 42.9 million for the 2015/16 financial year, N\$ 40.8 million for the 2016/17 financial year and N\$ 29.2 for the 2017/18 financial year).
3. Ms. Petersen's article's headline creates an impression that levies collected are underutilized, and that the NTA is inefficient in the application of these resources. This inaccurate perception deserves contextualization as the majority of these reserves are safeguarded and ringfenced to make provision for ongoing financial commitments pertaining to the following:
 - i. Commitments made through the KPG towards the NTA's Physical Infrastructure Expansion Strategy, which in tandem with an African Development Bank (AfDB) loan and funds availed by the German Federal Ministry of Economic Development and Cooperation (BMZ) and the European Union (EU) co-fund the countrywide construction of new public training infrastructure, as well as the expansion and upgrading of existing infrastructure. Most projects are nearing completion.
 - ii. Commitments made through the KPG towards the funding of training of trainees at public and private institutions. In line with average course training duration, such commitments translate into an obligation of three years to support a trainee from entry to exit level. For example, for the 2018/19 financial year, about N\$155 million was committed to honor payments totaling N\$198 million to 30 training institutions. Currently, 44 institutions are being funded at a cost of about N\$152 million.
 - iii. Commitments made through the KPG towards sustaining other strategic programmes, including Recognition of Prior Learning, the National Apprenticeship in TVET Scheme, as well as costs incurred to fund the development and review of national TVET qualifications.
 - iv. Commitments for pending ETG claims for all of the claim cycles since inception. This is so because ongoing provision must be made for pending claims, which more often than not are not honored because they lack evidence and/or are incomplete. Such claims for all past cycles can be processed and paid upon employer claimants providing the NTA with outstanding evidence and information.
4. Other than the inaccurate headline, several other inaccuracies manifest from Ms. Petersen's interpretation of the UNESCO brief, as contained in her newspaper article, inter alia:
 - a. **"Only 80 companies used NTA levy to train employees, students".** This is incorrect. Actual ETG disbursements to VET Levy employers have been increasing on a year-on-year basis, from 379 at inception in 2014/15, to 506 in 2017/18, to 507 in 2021/22. The same can be said about the number of claims which has increased steadily from 3,966 in 2014/15 to 5,642 in 2016/17 and 6,423 in 2017/18.
 - b. **"According to the VET Act, the training fund can be used to finance a very broad range of areas. 'Anything and everything to do with vocational education and training', the brief paper reads".** As a matter of fact, the journalist's selective interpretation of 'anything and everything' is based on the content of an International Labour Organisation academic paper as a reference source for the UNESCO brief. The VET Act of 2008 does not give the NTA powers to finance 'anything and everything', willy-nilly. Levy funds are allocated and applied in line with clearly-defined governance and funding frameworks approved by the NTA's Board of Directors, and which align with the Act and its gazetted regulations.
5. Ms. Petersen's article also included opinions solicited from various commentators. Again, inaccuracies emanate from such interpretations of the UNESCO brief:
 - a. **Mr. Sydwill Scholtz, a labour expert asserts that the major contributors to the levy are companies with 'white collar staff'.** Employers in the broader Mining, Manufacturing, Wholesale, Retail, Maritime and Logistics sectors (blue collar) make up the majority of VET Levy paying employers. For example, collectively, 134 employers from these sectors were paid claims totaling about N\$ 26 million for the 2021/22 ETG claim cycle, compared to employers in the Business, Finance and Public Administration sectors (white collar), who were paid claims totaling less than N\$8 million for the same period.
 - b. **Mr. Scholtz further asserts that the 15% AG is a high margin and unsustainable as employee salaries increase over time.** It should be noted that only the salaries of employees of the NTA's NTF Department are offset under the AG. Salaries of all other NTA employees (operations and support office staff) are paid from the subvention the NTA receives from the Ministry of Higher Education, Technology and Innovation.
6. Ms. Petersen falsely purports to have solicited the inputs of the Deputy Executive Director of the Ministry of Higher Education, Technology and Innovation, Dr. Raimo Naanda (who is a member of the NTA's Board). At no point did she interview Dr. Naanda on the contents of the UNESCO brief.
7. In fact, she includes in her article comments Dr. Naanda made at a national internship engagement meeting in July this year, where he was a panelist and at which platform, he shared data pertaining to employers participating in the NTA's Apprenticeship Scheme, and not the ETG allocation.
8. Ms. Petersen's article on the national internship event, published on 27 July 2022, under the heading "Employers not Interested in Training", includes quotes assigned to Dr. Naanda, which reappear verbatim in her article of 27 October 2022. It becomes clear from this particular article that she is well-informed to have been able to discern between employees participating in the apprenticeship scheme and employers submitting ETG claims.
9. The NTA rejects this attempt to cast aspersions on the integrity of its administration processes. We wish to reassure levy employers, and the public at large, of our ongoing and full adherence to policy, governance and legal requirements. As an open organization, transparency has, and continues to serve us well in solidifying our reputation as custodian of the NTF and the levy programme.
10. It is indeed disappointing that Ms. Petersen did not make any attempt to approach us to test the veracity of the information she had, but instead opted to share tenuous inaccuracies.

Signed:



Muvatera Ndjoze-Siririka
Acting Chief Executive Officer

