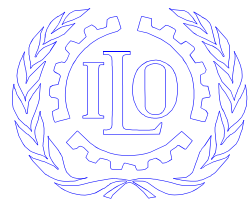


ILO/SAMAT Policy Paper No. 2

**SHAPING A LABOUR MARKET BASED TRAINING POLICY
FOR LESOTHO**

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PREFACE

Shaping a Labour Market Based Training Policy in Lesotho is the second contribution to ILO/SAMAT's Policy Paper Series. As the title suggests, this paper examines training policy in Lesotho from a labour market perspective. It departs from the premise that training policies and programmes, in order to meet the criteria of relevance, effectiveness and efficiency, must be guided by enterprises' and individuals' demand for skills and be linked to identifiable job opportunities or economic activities that have the prospect of generating sustainable income. The paper raises some salient labour market and training issues in Lesotho and suggests the way forward to make training programmes an effective instrument of productivity improvement and employment promotion.

The paper is based on a Seminar entitled Labour Market Information for Training Policy Development, organised in Maseru (October 1996) by the Ministry of Labour and the ILO-executed Employment Policy Formulation and Labour Market Analysis component of the UNDP/Government of Lesotho Employment Promotion Programme. ILO/SAMAT provided resource persons for the Seminar.

SAMAT Policy Papers focus on policies and strategies that are pursued and developed in southern Africa which affect labour standards, employment, and other labour issues. The series is intended to provide an ILO perspective on such issues, with a view to suggesting ideas and alternatives that can be taken into account by policy makers in the fields of labour and development. In this way, the Policy Papers aim to provide a basis for technical cooperation between the ILO and its constituents in southern Africa.

The paper was prepared by Torkel Alfthan and Theo Sparreboom of the ILO's Southern Africa Multidisciplinary Advisory Team in Harare, Zimbabwe.

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1. INTRODUCTION

1.1 Training, if well-conceived and delivered, benefits individuals, enterprises and society at large. Training helps individuals develop and up-grade their skills, improve their prospects of finding and retaining a job, improve their productivity and thereby contributes to raising their and their families' living standards and well-being. Training provides people with a means to change career, by widening the horizon of career opportunities. Enterprises also reap the fruits of manpower training. They train their staff in order to improve productivity and competitiveness and raise profits. Furthermore, the state has a stake in training. Empirical evidence suggests that education and training play an important, if not decisive, role in economic growth and development of countries. Social and economic progress in the industrialised and rapidly industrialising countries have invariably been accompanied by large investments in education and manpower training. This investment has paid off in the form of productivity gains, since a well trained and motivated workforce can readily maximise the output from a given capital input.¹

1.2 However, education in general, and training in particular, are also expensive undertakings involving the use of scarce resources. Training policies and programmes should therefore meet the three criteria of *relevance, effectiveness and efficiency*. By relevance we mean the fit between training objectives and national economic and social needs. Do training objectives in Lesotho address the priorities and needs for economic and social development, the effective demand for skills in the economy, and existing or potential opportunities of economic activity? The yardstick of the effectiveness of training is whether training objectives are met, i.e. whether the training system is willing and able to produce the intended quantity and quality of skills and competencies. Finally, we define efficiency as producing skills without wasting resources.

1.3 This paper examines Lesotho's training policy and system against the criteria of relevance, effectiveness and efficiency. As the paper takes a labour market perspective on training its focus is, in particular, on the match or mismatch between the demand for training by enterprises and individuals in the labour market and the supply of training, skills and competencies offered by training institutions and enterprises. Therefore, the paper raises some salient labour market and training policy issues in the first two substantive sections, respectively.

1.4 This is followed by an assessment of the training system, including the institutional and policy framework and the training institutions, in Section 4. A fifth section examines the present and potential demand for training by enterprises and individuals. Finally, the last section brings the discussion in previous sections together and provides some conclusions on measures that the government and the social partners can implement in order to make training better attuned to the country's economic and social needs.

¹ George Kanawaty and Claudio de Moura Castro: 'Towards an employment-oriented training policy: An agenda for action'. *Training Discussion Paper No. 60*. ILO, Geneva 1990.

2. THE LABOUR MARKET IN LESOTHO: FROM DEPENDENCE TO DEVELOPMENT

2.1 The labour market in Lesotho cannot be understood without making reference to the unique geographical location of the country. Lesotho is completely surrounded by the Republic of South Africa, and both economies are linked not only through their membership of the Southern African Development Community (SADC), but also through institutions like the Southern African Customs Union (SACU) and the Common Monetary Area (CMA). The most visible aspect of this linkage, however, is the migration of labour from Lesotho to South Africa.

Dependence on South Africa

2.2 In a study on migration in southern Africa, Paton extensively documents the colonial development of Lesotho as an exceptionally straightforward case of creating a colonial labour reserve.² During the colonial history of the country, governments on both sides of the border were actively stimulating export of Basotho labour and most institutions were instrumental in operating this process as smoothly as possible. The result of these policies has been that at least 6 per cent of the population worked in South Africa at any time during a period of 150 years, from the 1840s up to the 1990s, peaking at almost 20 per cent of the population in 1970. The dependence on the Republic of South Africa for the provision of jobs, and, through large remittances as a proportion of GNP, for income of a large part of the population has shaped the economy of Lesotho until the present day.

2.3 The development of migrant mine labour over more recent years is presented in Table 1 below. As can be seen from the table, employment in the South African mines has been declining during the 1990s, on average by 6.5 per cent per year between 1990 and 1994, a downward trend that started already in the 1980s and is expected to continue in the near future. At the same time, the share of Basotho in total employment in the mines has increased, from 25 per cent in 1989 to almost 31 per cent in 1994. Notwithstanding the fact that citizens from Lesotho thus account for an increasing share of total employment in this part of the South African labour market, the overall decline in mining employment has resulted in a sharp decrease of the number of Basotho working in South Africa.³ The subsequent inflow of retrenched miners returning to Lesotho, many of whom have skills that can hardly be exploited in the domestic economy, should be added to the natural growth rate of the labour force. At an annual 2.9 per cent this rate is already high, even if compared with the relatively high rates of southern Africa.

² Bill Paton, *Labour Export Policy in the Development of Southern Africa*. MacMillan, London, 1995. For an assessment of the costs and benefits of migrant labour for Lesotho in recent years, see also Theo Sparreboom and Pete Sparreboom-Burger, 'Migrant worker remittances in Lesotho: A review of the Deferred Pay Scheme', *ILO Poverty-oriented banking Working Paper No. 16*.

³ Officially registered non-mine migrant labour shows an increase from less than 1,000 persons in 1991 to more than 2,000 persons in 1995 (*Labour Market Information Bulletin 1996*, Ministry of Labour and Employment, forthcoming). Although these figures may, for various reasons, underestimate total non-mine migration, the number of non-mine migrants is nevertheless negligible if compared with the number of migrant miners.

Table 1. Employment of migrant miners from Lesotho in the RSA

<i>Year</i>	<i>Average number of Basotho miners</i>	<i>Change (%)</i>	<i>Annual change of total mine employment in the RSA (%)</i>	<i>Share of Basotho In total employment (%)</i>
1986	121,450	4.5	..	..
1987	125,934	3.7	..	..
1988	124,781	-0.9	..	..
1989	126,264	1.2	-6.3	25.0
1990	127,386	0.9	-8.3	26.9
1991	122,188	-4.1	-9.0	28.1
1992	119,596	-2.1	-5.2	30.3
1993	116,129	-2.9	-4.0	31.0
1994	112,722	-2.9	..	30.8
1995	103,744	-8.0	..	..

Sources: Central Bank of Lesotho and The Employment Bureau of Africa (TEBA)

2.4 The inflow of migrants on the domestic labour market is however expected to be mitigated by the recent change of regulations governing migrant labour in South Africa. The new regulations, that allow certain categories of foreigners who used to be excluded to apply for permanent residency in the Republic, may have a profound impact on the economy in Lesotho. A discussion of this impact is beyond the scope of this paper, but it can be noted that the overall impact on employment is expected to be negative due to the decline of remittances of migrant miners.⁴

Limited domestic employment opportunities

2.5 The decline of employment opportunities in the mines will increase the supply of labour in the domestic economy, where employment opportunities are already very limited. A large part of the population is presently working in agriculture, often under harsh and difficult circumstances. A recent series of years of drought, together with the deterioration of arable land resulting mainly from erosion due to the expansion of human settlements and overgrazing, and an inappropriate agricultural policy framework, together account for a situation in which few Basotho farmers produce more than a bare subsistence on which to live.⁵

⁴ See e.g. Central Bank of Lesotho 1996, *New Trends in Mineworker Migration*. Various aspects of the impact of the new regulations on Lesotho are also discussed in Business Support Southern Africa 1996, 'The Deferred pay Scheme. Impacts and Future Prospects', and Theo Sparreboom, 'Migration and the labour market: the interaction between the Republic of South Africa and Lesotho', a background paper for a forthcoming study on migration by ILO/SAMAT.

⁵ See *Lesotho Poverty Assessment*, World Bank, 1995, and Poverty Mapping, Sechaba Consultants 1995 for recent assessments of the living conditions and poverty in the rural areas of Lesotho.

2.6 The domestic formal sector is estimated to employ not more than 9-12 per cent of the labour force,⁶ and is not able to absorb the annual inflow of new entrants to the labour market. A relatively high economic growth rate, almost 6 per cent on average since the second half of the 1970s, has not resulted in a commensurate expansion of domestic employment. Open unemployment was estimated at 23 per cent in 1986, and unemployment as well as underemployment have almost certainly risen substantially over recent years.

2.7 A relatively potent source of employment in Lesotho has been foreign investment. Starting almost from scratch in the early 1980s, employment in LNDC-assisted⁷ companies has steadily expanded to more than 16,000 people in 1995. Although most of this investment has been made in footwear, clothing and textile companies, more recently some diversification has taken place into, for example, assembly of consumer electronics. It should however be noted that the use of local labour by these companies is often limited to low-skilled female workers.

2.8 Apart from agriculture, the domestic formal sectors and employment abroad, employment opportunities exist in the informal and microenterprise sector in Lesotho. In the study undertaken by Gemini in 1990 it was estimated that about 30 per cent of Basotho households were engaged in some type of informal or small-scale non-farm business activity, and that three quarters of all households with small-scale enterprises depended on such activities for more than 50 per cent of their income. According to the study, which was based on a nation-wide survey, there are more than 100,000 small scale enterprises in Lesotho, which were defined as enterprises employing less than 50 people. More than 160,000 people were estimated to be employed in these enterprises.⁸

2.9 Many of the enterprises are however focussed on survival, in that the sector is mainly made up of trading enterprises that are operated on an infrequent basis. It is difficult to identify traditional small businesses engaged in, for example, manufacturing wood and metal products for the domestic market, let alone for export to the provinces of the RSA surrounding Lesotho. More recent evidence, which is admittedly anecdotal, does not show an improvement of this situation.⁹

⁶ Theo Sparreboom, 'Labour Market Information for Employment Policy Formulation'. Paper presented at the *National Seminar on Labour Market Information*. Employment Promotion Programme, Maseru, March 1996.

⁷ The Lesotho National Development Corporation (LNDC) is the main parastatal responsible for the implementation of industrial policies in Lesotho, especially in the field of attracting and assisting foreign investors.

⁸ The GEMINI report has been criticised on several grounds, including the methodology used to collect the data; the point here, however, is only to indicate the importance of the microenterprise sector as provider of employment opportunities, and not to scrutinise the quality of the data as such.

⁹ See Mike Humphreys and Theo Sparreboom, 'The informal sector in Lesotho. A review of the data and preliminary policy implications'. Paper prepared for the *Small Business Workshop*, Maseru, March 1996.

The labour market challenge

2.10 Concluding this brief overview of the labour market, the challenge for Lesotho is to create employment opportunities for a fast growing labour force, while the traditional role of the South African mines as provider of jobs is declining rapidly. Without going into much detail on potential employment strategies for Lesotho, it is clear that a substantial expansion of the domestic formal sector will be a necessary condition to reduce unemployment and underemployment.¹⁰ Foreign investment will remain important, while the microenterprise sector will have to be assisted in its transformation from being primarily a 'safety net' towards becoming a sector made up of viable and profitable enterprises. This challenge can hardly be put in terms of a choice among several options, as the extent of the (un)employment problem in Lesotho demands that all available options be exploited, including appropriate training policies, if an employment strategy is to be successful.

3. THE TRAINING CHALLENGE

Demand driven training

3.1 People undergo enterprises and training institutions provide training for a specific purpose: to provide skills that improve productivity at work. It is important to remember that training is not an instrument to create jobs or reduce unemployment. A supply of skilled labour does not automatically create its own demand. Skills training is unlikely to lead to employment and productivity growth if job opportunities are not expanding. 'When macroeconomic policies allow the labour market to expand, then the returns on training will be high', whereas in the context of low growth or stagnation, training and active labour market policies will have little effect on reducing unemployment.¹¹ Training programmes should therefore be guided by the needs and demand of enterprises and the labour market. Macroeconomic policies that ensure economic and job growth provide the best environment for relevant and effective training programmes.

3.2 However, in Lesotho (and in many other African countries), training programmes are still often determined by supply considerations, i.e. the existing, often inadequate, qualifications profile of trainers, out-of-date training equipment and materials and erroneous assumptions about where graduates will manage to find jobs upon completing their training. This often means irrelevant and ineffective training.

3.3 Making training a demand driven exercise is a challenging task, as it requires a fundamental reorientation of training policies, i.e. changes in the objectives and governance structures of training, putting up mechanisms of identifying training needs and priorities, and creating a new ethos and introducing new management practises in

¹⁰ For discussions of employment policies in Lesotho see the *Contribution to the Employment Debate in Lesotho* (Synergie 1994), the *Lesotho Poverty Assessment*, *ibid*, and Theo Sparreboom, 'Demand for Labour, a preliminary study', EPF/LMA 1996.

¹¹ *World Labour Report 1996/97*, International Labour Office, Geneva 1996, p. 101.

individual training institutions. It will also call for a sharing of the costs of training based on the principle that those who benefit from training should also contribute to covering its costs.

New clients and target groups

3.4 A quick examination of the employment structure in Lesotho suggests that the public sector is at best a small and possibly declining source of jobs for Lesotho's labour force. Between 1991-95, annual employment growth in the public sector amounted on average to a mere 2 per cent, which may well decline under the Civil Service Reform Programme, an important component of the Structural Adjustment Programme. The industrial and service sectors of the economy on the other hand, and in particular activities in the urban and rural informal sectors, are absorbing more and more workers. The single most important challenge for the training system and institutions is therefore to instill students with the skills and motivation to engage in industrial work and self-employment and viable informal types of economic activity.

Training priorities and needs

3.5 In market economies, movements in wages and employment signal changes in the demand for and supply of particular skills and trades.¹² By capturing these signals, planners can identify shortages or gluts of particular skills and plan training programmes accordingly. This requires some structures and skills for collecting, analysing and disseminating information on employment and labour market trends and signals. At present, these are missing or underdeveloped in Lesotho.¹³

In-service training opportunities for Basotho workers

3.6 Being for the most part a school-based system with a strong academic bias, training in Lesotho is also pre-employment training, i.e. training young people who will subsequently look for their first job in the labour market. There is very little in-service training for the already employed workforce. Many workers have had little formal education and training, a situation that has been reinforced by the long-standing relative easy access to employment in the South African mines. The impact on enterprise productivity of targeted training interventions among employed workers is likely to be significant. Another major challenge for the training system is therefore to expand the range of in-service training opportunities in institutions and enterprises.

Financing training

3.7 Lesotho underinvests in training for work and most of it is being provided by public and private training institutions and paid directly, or through subsidies, by the state or various foreign donors. Enterprises and individuals, the main beneficiaries of

¹² Middleton, Van Zideman and Adams, *Skills for Productivity: Vocational Education and Training in Developing Countries*, Washington DC, p. 140.

¹³ The ILO is assisting the Ministry of Labour and Employment in establishing a Labour Market Information System which has been designed to capture such signals.

training, contribute very little. Underinvestment in training has much to do with traditional neglect of vocational education and training in Lesotho, individuals' preference for white-collar credentials and employers' underestimation of the value of skills and training for improving company performance. In order to increase the supply of training, new partners have to be solicited to contribute to its financing and provision. This calls for a system of incentives that would encourage other stakeholders than government and donors, in particular enterprises, to invest more in training and so share the burden of supplying skills needed in the economy.

The governance structure of training

3.8 If stakeholders other than the state are to increase their share in financing training, then they must have a say in governing the training system on an equal footing with government. Governance reform would also have to address this issue, for example by decentralising decision making regarding course content, management and resource mobilisation to individual training institutions and so make training more responsive to local labour market needs.

3.9 The paper will continue with raising these issues in more detail and discussing the policies and programmes that government is undertaking to address them. We will first describe the governance and institutional framework of training in Lesotho, including a synoptic view of the training institutions, followed by an assessment of this system.

4. THE TRAINING SYSTEM: POLICIES AND PRACTICE

The structure of governance

4.1 Traditionally, Lesotho's education and training system has provided 'academic education' for subsequent 'white collar' wage employment in the public sector. Allocations over the years to technical and vocational education and training (TVET) have been a relatively small part of the total resources earmarked for education and training. The Government of Lesotho (GOL) has recognised this imbalance and has shifted its effort more towards the provision of TVET.

4.2 Preceding the fifth National Development Plan (1991/92-1995/96), the Ministry of Education (MOE) developed a detailed five year sector plan - the *Education Sector Development Plan 1991/92-1995/96*. The plan's objective is to reform and improve the 'quality, efficiency and effectiveness' of the whole educational system, giving special attention to primary education. The draft Sixth National Development Plan (1996/97-1998/99) reiterates these policy objectives. According to the Education Sector Development Plan:¹⁴

The Government will ensure that the quality and relevance of technical and vocational education is improved through establishing closer links with industry and employers, through the strengthening of technical subjects at secondary level and the development of a national curriculum for post secondary institutions. Existing post-secondary training will

¹⁴ *Education Sector Development Plan 1991/92-1995/96*, Ministry of Education, June 1992, p. 9.

be up-graded and expanded in order to increase intake and produce more skilled manpower needed for the development of the economy. Training at Lerotholi Polytechnic will be improved by upgrading facilities, assessing and revising course curricula and increasing practical training. Overall coordination and management will be improved by creating a unified and autonomous polytechnic. Vocational training will be expanded in order to encourage self-employment and the development of employment opportunities in the community. Students in vocational training will be encouraged to accept responsibility in community development. Conditions of service and training programmes for teachers of vocational and technical subjects will be improved.

4.3 According to the Technical and Vocational Training Act No. 25 of 1984 (revised in 1993), TVET is a joint venture between Government and the private sector in Lesotho. The Act envisaged a national policy making body in the field of TVET, the Technical and Vocational Training Board (TVTB), which became operational in 1987. The TVTB was established as a tripartite body, with representatives of various Government ministries, employers' and workers' organisations, churches, academic institutions, NGOs and technical assistance bodies. The Board is expected to provide the Technical and Vocational Education Division (TVD), which is situated in the Ministry of Education, with guidance and direction regarding present and future training needs based on statistical information received from the National Manpower Development Secretariat (NMDS). The 1984 Act has given the NMDS the brief 'to supply the Board, annually, or more frequently if deemed necessary, with statistical forecasts of skilled manpower requirements in the designated trades/occupations, in both the short and the long term, and shall advise the Board, in a timely manner, of other areas of skilled employment in which the Board should initiate training schemes'.

4.4 TVD is responsible for coordinating and monitoring TVET provision and the implementation of the policy formulated by the Board. The Director of TVD is the secretary to the Board, and in that capacity has also a general responsibility to advise the Minister on matters affecting technical and vocational training. The *Secondary Technical Studies Section* is responsible for pre-employment training at secondary schools. Technical and practical subjects are included in the curriculum of some 20 per cent of the secondary schools, with the explicit intention to prepare students for informed career choices, and not to prepare them for self-employment. Nevertheless, it shows some diversification away from an 'academic' curriculum.¹⁵

4.5 The *Industrial Training Section* deals with in-service training in various parastatals (for example in the Lesotho Telephone Company, LTC, and the Lesotho Electricity Company, LEC) and in large-scale establishments in the private sector. It is also responsible for trade testing and will be responsible for the apprenticeship programme when it becomes operational. Finally, the *Post Secondary Technical and Vocational Training Section* is responsible for policies concerning the various institutions that provide technical and vocational education and training. These institutions have developed a number of part-time and full-time higher level courses in different vocational and technical fields, usually in association with TVD.

¹⁵ In 1993 the curriculum was reviewed by Cambridge Education Consultants, *Evaluation of Secondary Schools Curriculum Diversification Programme*.

Training institutions and programmes

4.6 Some ten institutions provide technical training in Lesotho, covering technology, construction, textiles and domestic studies. Many of the current institutions, which are listed in Table 2 below, were established by donors or churches. Issues relating to ownership and management are sometimes under discussion between the GOL and various religious communities or other stakeholders, which is partly due to the recently changed legislation.

4.7 Some of the institutions operate as a department of the MOE, with a budget covering all recurrent and capital expenditures (e.g. Lerotholi Polytechnic), while others have only part of the salaries of their staff paid by the Ministry (like Bishop Allard Vocational School). Several institutions employ ex-patriate personnel or advisers, often as part of direct support programmes funded by bilateral or multilateral donors. The number of students enrolled at each institution (Table 2) should be read as an indication of the scale of operations at each institution. It should also be noted that the last three institutions listed in the table (Ntlhafatso, LOIC and Ithuseng) provide training for special groups.¹⁶

Table 2. Technical education and training institutions in Lesotho

<i>Name</i>	<i>Ownership</i>	<i>Number of students</i>	<i>Government cost as % of total cost (per student)</i>	<i>Fee as % of total cost (per student)</i>
Lerotholi Polytechnic	GOL	700	91	8
Leribe Technical School	Rel. Com.	200	73	23
Bishop Allard Vocational School	Rel. Com.	250	38	41
Leloaleng Trades School	Rel. Com.	150	64	23
Thaba Tseka Technical Institute	GOL	100	98	2
St. Elizabeth's Training Institute	Rel. Com.	200	66	29
St. Mary's Home Economics School	Rel. Com.	150	33	60
Ntlhafatso Skills Training Centre	GOL	50	..	..
Lesotho Opportunities Ind. Centre	GOL	175	..	..
Ithuseng Rehabilitation Centre	GOL	10	..	..
All Centres	-	1985	82	15

* Religious community

Sources: Contributions submitted to the *Seminar on Labour Market Information for Training Policy Development*, Maseru, October 1996; *Tracer Study of Post Secondary Technical and Vocational Education Graduates in Lesotho*, Sechaba Consultants for the MOE/TVD (February 1996); *Options for further Development of Technical & Vocational Training in Lesotho*, HEDCO (1993); National Employment Service (Ministry of Labour and Employment).

¹⁶ Alternative educational opportunities are also provided by the Lesotho Distance Training Centre; LDTC produces learning materials for people to acquire literacy and numeracy.

4.8 The recently developed National Craft Certificate (NCC) is a training programme developed in Lesotho, which was designed to ensure quality and confidence in craft education in the country. The NCC programme provides training for carpenter/joiner, electrician, automotive mechanic or bricklayer, and involves three years full time at a technical college or similar approved institution, with the option for some eight months industrial attachment in the third year. Next to Lerotholi Polytechnic, the largest training institution in the country, the programme is also offered at the Technical School of Leribe and Leloaleng Trade School, while it is planned for implementation at Thaba Tseka Skills Training Centre. A number of technical institutions also offer commercial training, like Lerotholi and St. Elizabeth. Moreover, the National University of Lesotho (NUL), the Institute of Extra-Mural Studies, the Lesotho Institute of Public Administration and Management (LIPAM) and private institutions provide commercial and management training of different duration and at various levels.

Policies and practice

4.9 In a nutshell, this is the country's explicit training system. Although it appears logical on paper, the implementation of training policies and plans may not be that straightforward. The intentions and objectives as formulated in the Development Plans and subsequent policy documents have not always been put into effective practice.

4.10 Judging from experiences in other countries, advisory boards, representing a cross-section of employers and other stakeholders in a particular area or sector, can be effective mechanisms to link training supply to actual demand by employers for skills and competencies. In Lesotho, these advisory boards have so far proven less than effective in balancing training supply and demand. The representation of stakeholders on the Technical and vocational Training Board does not reflect the country's training needs, and is heavily government biased. Individual industries and industrial associations are poorly represented which defeats the declared aim of making TVET a joint government/industry undertaking. This may partly explain why education and training have been and still are oriented towards public sector employment while there is less training for industry and training that would help graduates take up self-employment opportunities. The TVTB meetings have at best been sporadic and its decisions have been invariably based on poor information, and are rarely implemented effectively.

4.11 Lesotho currently lacks comprehensive information on training needs, as well as the structure to collect this information on a regular basis. So far no comprehensive needs survey has been undertaken, not to speak of surveys undertaken regularly, which should be the ultimate goal. The National Manpower Development Secretariat does not undertake the tasks it was briefed to do, namely to provide forecasts of manpower needs and to advise the Board on areas where training schemes should be initiated. Nor has the NMDS done so in the past. Instead, the Secretariat provides scholarships/bursaries for Basotho to pursue further and higher education in Lesotho and abroad. In the absence of mechanisms to link training supply to actual demand, and without adequate information on training needs, training programmes tends to be

largely supply driven. This means that programmes are conditioned more by the available skill profiles of existing teachers (or lack of such skills) and rely on often obsolete training equipment and training materials. Such supply driven training may result in poor employment outcomes and mean a waste of scarce training resources.

4.12 These criticisms are to a large extent reflected in the results of a recently undertaken Tracer Study of technical and vocational training graduates in Lesotho.¹⁷ The principal aims of the study were ‘to identify the mismatch between training programmes and the requirements of employers’, and ‘to examine employment rates of graduates in Lesotho and elsewhere’.¹⁸ It should be noted, however, that the study by its very nature did not look into further and in-service training and hence did not address what arguably should be an important focus of training policy development in the future. But it does throw some light on the employment outcomes of institution-based, pre-employment training that dominates the training system in Lesotho.

4.13 In the study, that is based on information from more than half of the actual graduates between 1989 and 1994, it is stated that survey findings from the interviews with employers as well as graduates suggest that most employers and graduates are satisfied with the ability of the graduates to employ necessary skills in their fields of employment. Scope for improvement, however, existed in the area of supervisory skills, while longer industrial attachments would also be appreciated by the employers.

4.14 The fact that many employers felt that the former trainees lacked supervisory skills, would suggest that a better balance should be sought between, respectively, formal institution-based training in management and supervision, and employer-based on-the-job training. Few employers were aware of the National Craft Certificate and how training for it could help them meet their training needs. This suggests that employers have little stake in publicly provided training. Generally speaking, the study confirmed the need for improved links with industry and employers. Employers wished to see longer industrial attachments and more exposure of students to the working environment, while the students thought that improved links with industry would help them find jobs.

4.15 Finally, the study found that more than half of the TVET graduates were employed in the formal sector, which is much higher than the proportion of the labour force that is formally employed (Section 2). The probability of employment was higher for males than for females, and higher for diploma graduates than for certificate graduates, the latter constituting the vast majority of the graduates. Technology, construction and commercial sector graduates are very likely to find employment. Unemployment rates were exceptionally high in the case of the mostly female textiles/domestic science graduates (45 per cent), while unemployment rates for certificate graduates was 35 per cent. These mismatches may suggest that training resources were not always well used.

¹⁷ *Tracer Study of Post Secondary Technical and Vocational Education Graduates in Lesotho*, Sechaba Consultants, commissioned by the Ministry of Education (TVD), February 1996.

¹⁸ *Ibid*, p.1.

5. TOWARDS DEMAND-LED TRAINING IN LESOTHO

5.1 A fundamental principle underlying any training provision is that it should be linked to identifiable job opportunities or to appropriate small-scale activities that have the prospect of generating sustainable income. Hence the need to assess training demand in both formal and informal sector activities. However, as comprehensive and reliable labour market information in Lesotho is lacking at present, this section can only give a *qualitative* picture of training needs. We will start with a short discussion of some of the elements and methods used in identifying training demand.

The demand for training: improving the information base

5.2 Demand analysis implies studying the labour market: analysing the size and composition of the labour force, the current employment situation and prospects, the nature and extent of labour market regulations and possible future trends. Demand analysis can be done by applying various instruments, including economic and social statistics, labour market information and signalling. As an example of the latter, by monitoring movements or changes in wages and vacancies, the relative demand and supply of people in various occupations and skill categories can be identified and used as guidance for expanding or contracting training programmes.

5.3 Another powerful assessment instrument is the tracer study. By tracing employment experience and income progression of TVET graduates, useful information can be obtained about the appropriateness of the training provided by TVET institutions, as well as about disciplines and courses that need to be changed, expanded, contracted or discontinued. The study in Lesotho illustrates the potential usefulness of the tracer study for guiding training decisions. Special surveys, like establishment and occupational surveys, can also be used to assess skill and training demand in companies and among occupations, respectively.

5.4 An important element of a training needs assessment is to determine *whose* needs should be assessed. Is the focus to be on the national, local or regional level, at the enterprise or individual level? Or are they best determined at the level of occupations and skills? Which sectors should receive priority in assessing training needs: the informal or the formal sector, the agricultural or the industrial sectors? The answers to these questions largely depend on the economic and social priorities and needs of the country and ultimately on political decisions regarding where the training effort should be focussed. Increasingly, there is much to commend assessments to be undertaken at the local, sectoral and enterprise levels and involving the relevant stakeholders in the process. Centralised manpower planning is today increasingly in disuse.

Training demand in Lesotho

5.5 In view of the growth prospects of the economy in the short run, and the current situation on the labour market, the demand for skills is not expected to increase rapidly. Some areas of skills shortages, however, have repeatedly been identified, such as supervisory skills, secretarial and computer skills. Two areas or

sectors can be singled out where the demand for skills training is promising: foreign investment and the informal sector.

Training for foreign investment

5.6 Foreign direct investment in Lesotho can be a major contributor to higher investment and employment, as evidenced by the substantial job creation since the mid 1980s noted before. The availability of skilled manpower is a critical factor for attracting companies to invest in the country.¹⁹ For Lesotho to continue on this path and succeed in attracting inward investment in engineering assembly industries and develop an indigenous manufacturing base, a pool of skilled and semi-skilled labour will be needed. These are short in supply at present and little training in manufacturing craft skills is provided apart from a fitting and machining programme at Lerotholi Polytechnic and some basic fitting skills training in some other courses, like plumbing. No work has been done on establishing a fitters/machinist's National Craft Curriculum.²⁰

5.7 Lesotho places much emphasis on processing indigenous and imported raw materials for value added production and income generation. Also, as mentioned earlier, LNDC has made efforts to attract textile and clothing manufacturers to invest in the country. Despite this effective demand, little headway has been made in establishing the requisite maintenance training programmes in the country.

5.8 The training grant scheme of the clothing and footwear industries in the 1980s has perhaps most successfully contributed to attracting export-oriented industries to invest in Lesotho while promoting skills development. Under the scheme, more than 6,000 Basotho have been trained in skills relevant for the industries. This scheme is now being revised to encourage existing companies to upgrade Basotho workers in key skill categories, such as supervisors, middle managers, and technicians and to provide them with certifiable standards-based work competencies and skills. It is important that these skills are recognised by employers in both Lesotho and the RSA, and that they can be obtained in a training institution or company under the system of industrial attachment.

5.9 The existing vocational training institutions, which so far have focussed primarily on pre-employment training, should be an integral part of this upgrading effort. The institutions must introduce flexibility in their course offerings through the introduction of modular training and skill-upgrading courses of short duration. The industrial attachment programme needs to be expanded and better monitored. Although existing demand for skills should be taken into account, equally important will be an assessment of possible future demand for specialised skills, e.g. in the engineering, electronics and plastics industries.

¹⁹ See e.g. 'Demand for Labour, a preliminary study', *ibid*, for some findings concerning determinants of foreign investments in Lesotho based on a small sample of companies.

²⁰ Nigel Todd, *Multisectoral industrial training needs assessment for Lesotho*, September/October 1995, p. 7.

5.10 Linkages should be promoted between the new training grant scheme and vocational training institutes. For example, the scheme can be used to finance advanced industrial training for new companies that establish themselves in Lesotho. So-called pre-construction agreements could be introduced whereby local training institutions would provide training, financed under the scheme, to workers in skills and competencies needed by potential investors. By offering such training, investors would be given an additional incentive to set up shop in Lesotho.

Training for the informal sector and self-employment

5.11 The vast majority of people in Lesotho make a living in the informal sector and in subsistence agriculture, where productivity, incomes and working conditions are almost invariably poor. However, the Tracer Study indicated that very few of the graduates ended up in self-employment, where by sheer arithmetic most people in the future will have to find a living. Training policy development should therefore prioritise training to improve productivity and income generation in these parts of the economy. The relevance of the training could be increased with the introduction of 'self-employment training' (i.e. business, management and marketing skills training) in order to enlarge the scope of potential employment openings for TVET graduates in textiles/domestic science and also by linking initial training in these disciplines to further training.

5.12 Training resources are scarce and therefore careful targeting, and diagnosis of demand, are essential in order to determine precisely who should benefit and why. A critical element is to determine whether informal sector workers are facing problems for which training can bring a solution. Training can assist in improving product quality or in reducing accidents at work; it may be a conduit for product diversification or for the adoption of more appropriate technologies. In many cases, training for the informal sector must be combined with other interventions in support of the sector, e.g. credit, technology or legal support. Without these necessary complementary inputs training interventions are bound to fail. Training interventions should be affordable and use existing mechanisms if these are efficient. Thus, conventional training institutions can be encouraged to provide short courses for informal sector operators.

5.13 Formal vocational education and training institutions have in some cases been able to redirect their objectives and curricula so that they correspond to the skill needs in farming as well as in informal manufacturing and services. As shown by the example of Tanzania below, an integral element of such a redirection is careful analysis of existing market demand and opportunities in the local area and training in multiple skills needed for market access.

5.14 In Tanzania, the Legruki Vocational Training School originally provided conventional training in carpentry and masonry to enable students to pass national trades competency tests. 'Evaluations showed that the curriculum, which was oriented toward modern sector wage employment, did not adequately cover the multiple skills and technologies required for success in self-employment. Following a market survey in the local area and staff debate, the curriculum was revised to shift from single to multiple skills, build from local opportunities, incorporate useful traditional skills, and

increase the flexibility of course offerings. A tracer study of about half of all graduates since 1980 found that more than 90 per cent were employed. Of these, more than half were self-employed in villages or in both villages and urban areas'.²¹

5.15 However, if their adaptability to meet new training objectives and cater for a new clientele is limited, other options will have to be explored, e.g. strengthening traditional apprenticeship, giving targeted assistance to 'back street colleges' to help them improve their coverage and the quality of their training services, and establishing micro-enterprise extension facilities or small business advisory services that can address training needs of informal sector enterprises in an integrated manner.

Effective demand: the financing of training

5.16 Notwithstanding the relevance or quality of the output of training institutions, none of the institutions that supply training appears to have any problems in identifying candidates for their courses, including those that charge relatively high fees. As indicated in Table 2 (Section 4), fees as a percentage of annual costs per student differ substantially between institutions. As a rule, institutions that are fully funded and managed by government subsidise a larger share of the costs and charge lower fees than those institutions that are owned or managed by religious communities.

5.17 Training provision is expensive and the question of who should pay for it should be addressed as a matter of priority. So far most training, and that means pre-employment training, in the country has been financed by the state. If a reorientation of the training system towards training for the already employed workforce in order to improve their skills and productivity is accepted, this would mean that a formula would have to be devised for sharing the costs of training between various stakeholders. This could mean that the state would assume the task of financing pre-employment training, while the beneficiaries, primarily the enterprises but also the individuals themselves, would take up the costs of employment-based training and further and upgrading training. In order to have individuals increase their contributions, a system of fees and loans would have to be devised.

5.18 One means to finance training is to introduce a training levy on enterprises' payrolls. The money so generated would then be used either to finance training institutions and/or reimburse the costs of training that employers provide themselves - inside or outside their premises - to their staff. Training levies have been introduced in many developing countries. In some they have contributed significantly towards ensuring a steady supply of skilled manpower for industry and the service sector.

5.19 In Lesotho, employers, while emphasising that basic, pre-employment education and training is a state responsibility, have expressed their willingness to 'pay their fair share' of the costs of training in the country. The majority of employers are not averse to the idea of a training levy scheme, provided that they are involved in the design and running of it, and most importantly, exercising control, in partnership

²¹ Middleton et al, *ibid*, p. 222.

with the government and the workers, over the scheme. Experience from other countries suggests that this precondition for their involvement is well-founded. Levy schemes that lack transparency, and employer participation and control, have failed to make a measurable impact on training supply. As emphasised by the employers, the levy should be used for training exclusively; they would oppose a tax that would go to the Government.

6. CONCLUSIONS: IMPROVING THE MATCH BETWEEN TRAINING DEMAND AND SUPPLY

Assessment of the training system

6.1 Apart from relatively minor programmes by the private sector there is little stake by the employers in training and little specialist input by industry in training delivery. At present there is too much emphasis upon the achievement of academic, certified qualifications without the commensurate development of competence in skills that is based on precise, measurable objectives. Although some progress has been made by the TVD, working together with the social partners and TVET institutions, in developing a National Crafts Curriculum, output of different institutions is not of consistent quality and the actual subject matter varies greatly between institutions for the same subject.

6.2 The training system also shows a heavy bias towards pre-employment training, instead of assisting the already employed workforce in upgrading their skills and competencies. Training needs of the latter type are relatively easy to identify and would render themselves well to cost-effective implementation through programmes of short duration, and can contribute significantly to improving workers' productivity and incomes. This applies equally to workers employed in the formal sector and those who are self-employed. Pre-employment training on the other hand is fraught with the difficulty of matching training supply to effective demand, certainly if no comprehensive labour market information system is in place.

Increasing the relevance of training

6.3 To increase the relevance of training, employers' and workers' organisations, among others, have suggested that national consensus building exercises be organised, with adequate representation of all stakeholders. This suggestion raises some questions about the role of the National Development Plan, which is due to be published shortly. The general feeling is that relevant stakeholders have not been involved sufficiently during the planning process, and that the plan will not contain adequate guidelines regarding the policy and provision of training.

6.4 As however noted in Section 4, the objectives of the existing policy framework include the improvement of the quality, efficiency and relevance of technical and vocational training. The emphasis on consensus-building exercises may therefore reflect the concern with regard to mechanisms to deliver the desired improvements, and with the adequacy of available resources to achieve the stated goals, instead of concerns about the objectives of the national plan. Present policies are relatively silent on the issue of increasing the involvement of stakeholders in

policy development on a regular basis, which was much emphasised by the participants. The current framework for cooperation among stakeholders, especially the TVTB, does not function satisfactorily, while the involvement of industry or workers at the level of individual institutions is very limited.

Improving the match: institutional structures

6.5 Several options to improve the effectiveness of the institutional structure for training policy development can be brought forward. These options include changing the composition of the TVTB in order to make it more representative, and decentralising decision-making powers to the Board. A more autonomous Board would result in greater stakeholder involvement and effectiveness. Furthermore, it has been argued that training policy development needs a regular flow of information. As the Ministry of Labour and Employment is one of the key providers of information, linkages between the Ministry of Labour and Employment and the Ministry of Education should be strengthened. The comprehensive labour market information system that is currently being developed in the National Employment Service (NES) should be used to increase the relevance of training policy in Lesotho.