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Learning Module: Financial Sustainability for TVET Institutions

A STEP-BY-STEP GUIDE FOR EDUCATORS



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Learning module: Financial sustainability for TVET institutions

A STEP-BY-STEP GUIDE FOR EDUCATORS

Vienna, Austria
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UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

SUMMARY

This guide is aimed at teachers, trainers, lecturers, and other educators that are aiming to conduct capacity building for managers of TVET institutions on financial sustainability. It guides the reader through the process of preparation and the implementation of the training, as well as through the follow-up support of the participants.

The material is based on a robust methodology based on synthesizing the available literature and the existing experience and knowledge of the team of experts from FH JOANNEUM University of Applied Sciences and the National Center for Development of Innovation and Entrepreneurial Learning. Furthermore, the material has been shaped to fit the needs of the piloting institution Selam Technical and Vocational College, Ethiopia, based on the conducted interviews with its top management.

The presented concept fits for a face-to-face training of 2 to 4 working days for managers in a selected TVET institution. The following concept proposes methods of understanding of the specific of the organization, slight adaptations of the training methods and instruments, to assure high quality training.

The material is based on a robust methodology based on synthesizing the available literature and the existing experience and knowledge of the team of experts from FH JOANNEUM University of Applied Sciences and the National Center for Development of Innovation and Entrepreneurial Learning.

This guide includes steps for educators on how to prepare TVET managers from different levels on usage of the stand-alone Financial Sustainability Tool. The tool is also available, and it contains introduction where a full manual for its usage is provided.





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I. PREPARATION

To conduct effective training with high impact on the target group, it is crucial to customize the training to fit the local skills ecosystem, the institution's current and future offers and setting, as well as the skills of the training participants. Thus, the preparation for the training is equally important for the quality of the training

as the competence of the educators or the quality of the training materials. This guide provides teaching materials which are designed to mainly fit most TVET systems and environments, which with a slight adaptation can offer high quality, efficient and impactful training.



I.1 Steps for preparation before the training

Depending on the knowledge of the educator(s) of the local/regional skills ecosystem and the institution, some of these steps may be skipped. However, it is highly

recommended that any educator using this guide and materials needs to carefully go through each of the following steps:

- 

1 **Understand the skills ecosystem and local economic conditions**

Consider the economic conditions in the region where the TVET institution is located, including the availability of funding, job opportunities, and other factors that may impact financial sustainability including the training needs and offers.
- 

2 **Institutional structure and budget**

Understand the organizational structure of the TVET institution, including its budget and sources of revenue. This will help you identify areas where financial sustainability can be improved and prepare better examples and guide the training into the areas which are more relevant for them.
- 

3 **Knowledge and experience level of the participants**

Assess the knowledge and experience level of the participants regarding budgeting, financial sustainability and if applicable financial management. This will help you tailor the training to their specific needs and avoid presenting information that is too basic or advanced for them.
- 

4 **Regulatory environment**

Be aware of the regulatory environment that governs TVET institutions, including any legal or financial requirements that must be met. This will help you ensure that your training is compliant with relevant laws and regulations, including processes and procedures for accreditation and approval of new programmes.
- 

5 **Best practices and case studies**

Research best practices and case studies from other TVET institutions to identify successful strategies for improving financial sustainability. This will help you provide practical examples and solutions that are relevant and effective.
- 

6 **Stakeholder engagement**

Engage with stakeholders, such as faculty, staff, students, and local businesses, to gather feedback and insights on the financial sustainability of the TVET institution. This will help you identify areas of concern and develop solutions that are tailored to the needs of the institution and its stakeholder.

I.2 Sample questions

In this part, some sample questions for interviews with managers of the TVET institutions, members of relevant local skills ecosystem, even with your team of educators

preparing the training are presented. They are numerated in the relation to the steps listed above.



II. IMPLEMENTATION

The training has been developed to fit different setups in terms of: European Qualification Framework (EQF) level, ownership and governance structure (public and private TVET institutions), target group (top managers, department leaders, module coordinators) with different level of influence of the financial sustainability. The implementation of the training has been conceptually

divided into 5 parts, each using variety of didactical methods and tools. In this chapters, the focus is on usability for future educators, so instead identifying and defining the didactic methods, a step-by-step guide explaining how to implement them is provided.

List of needed equipment and materials:

- Computer with presentation software (MS PowerPoint, OpenOffice, etc.)
- Projector
- Medium size soft ball (with medium weight to enable long throwing), for larger rooms and number of participants ball with integrated microphone is advised
- Flip-chart holder and paper
- Flip-chart markers in multiple colours
- Post-its ideally in multiple colours
- Mentimeter (for larger groups with access to internet)



PART 1: SETTING UP THE GROUND



PART 4: REVENUE GENERATION



PART 2: STRATEGY AND MANAGEMENT



PART 5: COMPUTING FINANCIAL SUSTAINABILITY



PART 3: DEVELOPMENT

PART 1: Setting up the ground



WELCOMING AND INTRODUCTIONS



After a welcoming and brief introduction of the course and educator(s), an “Icebreaker” is designed, to give the floor to each of the participants long enough for them to start feeling more comfortable to speak up and share their thoughts. At the same time, the content is developed to help the educators to collect important information about the participants personalities and relevant professional experience.

The style and methods used, will set the tone of the training. For more open and collaborative discussion, more active and dynamic setting is proposed. The educators are encouraged to use a medium size soft ball (with medium weight to enable longer throwing), which they will pass to the first person to introduce her-/himself, asking them to through it across the room to the next person that is not introduced yet. Apart from dynamic and relaxed atmosphere, this method requires participants to focus on the other participants’ introductions.

Recommended questions / requests:

- Name
- Position
- How long have you been at your TVET institution?
- (How) are you involved in development of new educational offers and / or curriculum development?
- (How) are you involved in promotion of your programmes?
- Financial and human resource planning and coordination / reporting?
- Throw to the next!



GETTING TO KNOW EACH OTHER



This is a continuation of the building the atmosphere and getting to know the participants, but also (especially for larger TVET organisations or for trainings for multiple organisations) to let the participants get to know each other and get feeling of the differences and similarities among them.

Here the “human charts” method is used, where the participants are asked to move around the room in order to answer the question. For example, for nominal questions, the groups are clearly communicated so the participants would be able to decide which group to join (e.g. Q1 and Q4 below). For questions with scale, the scale is clearly defined with at least three points defined, explaining where would be 0, what would the middle of the room value and what would be the maximum to the other end of the room (e.g. Q2 and Q3).

Question examples:



Group by education: (1) natural and medical sciences, (2) engineering, (3) social sciences, and (4) other.



What % of your weekly working time do you spend teaching?



What % of your weekly working time do you spend managing / administrating?



How often do you work with industry? (never, rarely, ... constantly)



EXPECTATIONS



Aligning the expectations of the course. Always start with the participants, so their expectations will not be influenced by the educator. Ask participants “What are their expectations from the whole training (X days)?” Depending on the size of the group and the technical capabilities two options are advised:

A Smaller groups or groups without smartphones/laptops and stable internet access

Use post-its to collect participants' expectations. For heterogeneous groups, use specific colour for each group (e.g. green for top management, yellow for mid-management). Participants are given few minutes to think and write down the expectations. After that, they are asked to stick them on a flip-chart paper and explain them.

B Larger groups with access to smartphones/laptops and stable internet access

Use *Mentimeter*, a tool that is free for up to 3 slides and can collect the answers in a form of stickers or word clouds. The latter is very efficient for large groups since collects the answers on one page, clearly showing the words that are repeated more often. To get explanation, the educators have to ask for volunteers to explain what they meant with each suggestion / expectation.

Either way, the educators reflect on the expectations and explain to participants what will be covered, what they will try to incorporate in the training and what will not be included. This is very important expectations management aspect.

OBJECTIVES



After the expectations of the participants have been discussed, the educator(s) should present their objectives and through them the expectations of the course, explaining to participants what is projected and to what extent it is in line with their expectations.

- 1 To increase knowledge and understanding of:
 - Planning and implementation of educational programmes
 - Creating partnerships and promotion
 - Costs and revenues

- 2 To have an exchange of experiences
 - Please interrupt us at any time to comment or ask
 - Participate in the dynamics

CONTENT OF THE TRAINING



The content of the training needs to be presented as transparently as possible as the last point of coordination and management of the joint expectation and training frame.



PART 2: Strategy and management



- Development of strategy for future offers based on the skills ecosystem.
- Management of staff/trainers including planning of the staff needs, recruiting and quality assurance; work/training planning, equipment acquisition and maintenance.
- Basics of facility management.
- Promotion and interaction with students and companies.

CHANGED PARADIGM



FROM INPUT-ORIENTED TO OUTPUT-ORIENTED PUBLIC MANAGEMENT AND FUNDING

Traditional



To increase knowledge and understanding of:

- MICROMANAGEMENT AND CONTROL BY THE STATE
- LINE-ITEM BUDGETING
- EMPLOYMENT OF THE TEACHING STAFF AS PUBLIC SERVANTS

New age



To increase knowledge and understanding of:

- INCREASED AUTONOMY
- TVET INSTITUTIONS TO BE MORE ENTREPRENEURIAL
- STEERING BY THE STATE ON THE BASIS OF NEGOTIATED PERFORMANCE TARGETS AND RESULTS

NEW PUBLIC MANAGEMENT



The educators explain the new public management (NPM) approach to the participants:

- **DECENTRALIZATION:** One of the key principles of NPM is decentralization, which involves transferring decision-making power from central authorities to lower-level units. In the context of VET, this has led to the devolution of responsibility for education and training to local authorities, schools, and training providers.
- **COMPETITION:** NPM emphasizes competition among service providers as a means of improving quality and efficiency. In the VET sector, this has led to the introduction of market mechanisms such as the funding of education and training through competition-based funding.
- **PERFORMANCE-BASED FUNDING:** In line with the focus on efficiency and effectiveness, NPM has also led to the adoption of performance-based funding models in the VET sector. Providers are now incentivized to meet performance targets such as completion rates, employment outcomes, and student satisfaction.
- **INCREASED ACCOUNTABILITY:** NPM places a strong emphasis on accountability, both for service providers and for government agencies. In the VET sector, this has led to the establishment of performance measurement systems and the publication of performance data, allowing stakeholders to assess the effectiveness of VET providers and the quality of the training they offer.

TYPES OF FINANCIAL MODELS

	DETERMINATION	PURPOSES
Basic funding	<ul style="list-style-type: none"> ▪ Vital element: negotiations ▪ Should reflect the expected outcomes ▪ Can be based on indicators: <ul style="list-style-type: none"> › Demand-oriented (number of students, capacity utilisation) › Output-oriented (number of graduates) › Input-oriented (number of professors) 	<ul style="list-style-type: none"> ▪ Legitimation of the allocation of funds ▪ Basic financial security of TVET ▪ Ensure the basic duties of TVET <ul style="list-style-type: none"> › Education › Continuing education › Certification
Performance-based funding	<ul style="list-style-type: none"> ▪ Allocation of funds based on performance indicators ▪ Redistribution of (parts of) the public funding subsidy amongst several TVET providers 	<ul style="list-style-type: none"> ▪ Establishing commercial incentives ▪ Encouraging TVET providers to act entrepreneurial ▪ Increase of efficiency and performance ▪ Creating improvement through competitiveness



- **BASIC FUNDING:** provides a fixed amount of funding based on student enrolment, number of graduates or even input oriented such as number of professors.
- **PERFORMANCE-BASED FUNDING:** rewards providers based on achieved outcomes such as completion rates or employment outcomes. Performance-based funding can increase accountability and quality, while aligning programs with labour market needs. The choice between the two funding models depends on the priorities and goals of the TVET system.

The advantages of performance-based funding in TVET include:

- **INCREASED ACCOUNTABILITY:** Performance-based funding encourages TVET providers to be more accountable for their performance and outcomes achieved.
- **IMPROVED QUALITY:** Performance-based funding incentivizes TVET providers to improve the quality of education and training they offer in order to meet performance targets and secure additional funding.
- **BETTER ALIGNMENT WITH LABOUR MARKET NEEDS:** Performance-based funding can lead to greater alignment between TVET programs and the needs of the labour market, as providers are incentivized to offer programs that lead to employment opportunities.

However, there are also potential disadvantages of performance-based funding, including:

- **UNINTENDED CONSEQUENCES:** Providers may prioritize achieving performance targets over other important aspects of education, such as equity and access.
- **UNFAIRNESS:** Performance-based funding may disadvantage providers that serve marginalized or disadvantaged communities, as these groups may have more difficulty meeting performance targets.
- **ADMINISTRATIVE BURDEN:** Performance-based funding requires a significant amount of administrative work to collect and report data on outcomes achieved, which can be a burden for TVET providers.

ACTUAL FINANCIAL MODELS



1 Most often: combination of lump sum budget and performance-based budget.



2 Basic funding: lump sum budgeting
 › Fixed amount, either determined by negotiations or by specific criteria
 › Periods: 1 or few years.



3 Additional (or part of basic-) budget assigned as a formula-based performance budget.



WHO ARE YOUR CUSTOMERS?



This exercise is intended to support the participants to understand who the current and potential customers for their institution are. The participants should work in smaller groups with support of the educators. The educators need to guide them to understand who is paying for the work (teaching / training), e.g. government, donor, etc., as well as who is benefiting (e.g. a company, or a learner).

The objective is to envision a customer and a training programme that would fit it. It can also include realistic example that has happened or is under development.

Hint 1: Who is paying for your work?

Hint 2: Who benefits from your work?

- Can your TVET institution get new revenues?*
- For whom would you develop a new educational offer?*
- Which topics / fields would they be interested in?*
- Discuss this in groups of 4-6 persons for 5 minutes.*
- Objective: Envision a customer and a training programme that would fit it. Note: It can be realistic example.*

THE BUSINESS MODEL CANVAS



The Business Model Canvas is explained block by block. The Business Model Canvas is a tool for systematically understanding, designing, and differentiating the business model of a business. In the last more than a decade it has been the most popular tool for business modelling, and even though it is developed for businesses, for this exercise it fully fits all type of TVET institutions. The educators can download a free version of the Business Model Generation manual on [this link](#).

The Business Model Canvas

Designed for:		Designed by:		Date:	Version:
Key Partners Who are our Key Partners? Who are our suppliers? Which Key Resources do we acquire from partners? Which Key Activities do we outsource? Which Key Channels do we partner with? Which Key Customer Segments do we partner with?	Key Activities What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams? Channels? Customer Segments? Key Resources?	Value Propositions What value do we deliver to the customer? Which one of our customer's problems are we solving to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying? Activities: Channels: Customer Relationships: Key Resources: Key Partners: Revenue Streams: Customer Segments: Key Activities:	Customer Relationships What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they? Activities: Channels: Customer Relationships: Key Resources: Key Partners: Revenue Streams: Customer Segments: Key Activities:	Customer Segments For whom are we creating value? Who are our most important customers? Mass Market Niche Market Segmented Multi-sided Platform	
Key Resources What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams? Channels? Customer Segments? Key Partners?		Channels Through which Channels do our Customer Segments seek to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer needs? Activities: revenue Channels: Customer Relationships: Key Resources: Key Partners: Revenue Streams: Customer Segments: Key Activities:		Revenue Streams For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues? Activities: Channels: Customer Relationships: Key Resources: Key Partners: Revenue Streams: Customer Segments: Key Activities:	
Cost Structure What are the most important costs inherent in our business model? For what do they currently pay? How are they currently paying? How would they prefer to pay? Activities: Channels: Customer Relationships: Key Resources: Key Partners: Revenue Streams: Customer Segments: Key Activities:		Revenue Streams For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues? Activities: Channels: Customer Relationships: Key Resources: Key Partners: Revenue Streams: Customer Segments: Key Activities:			

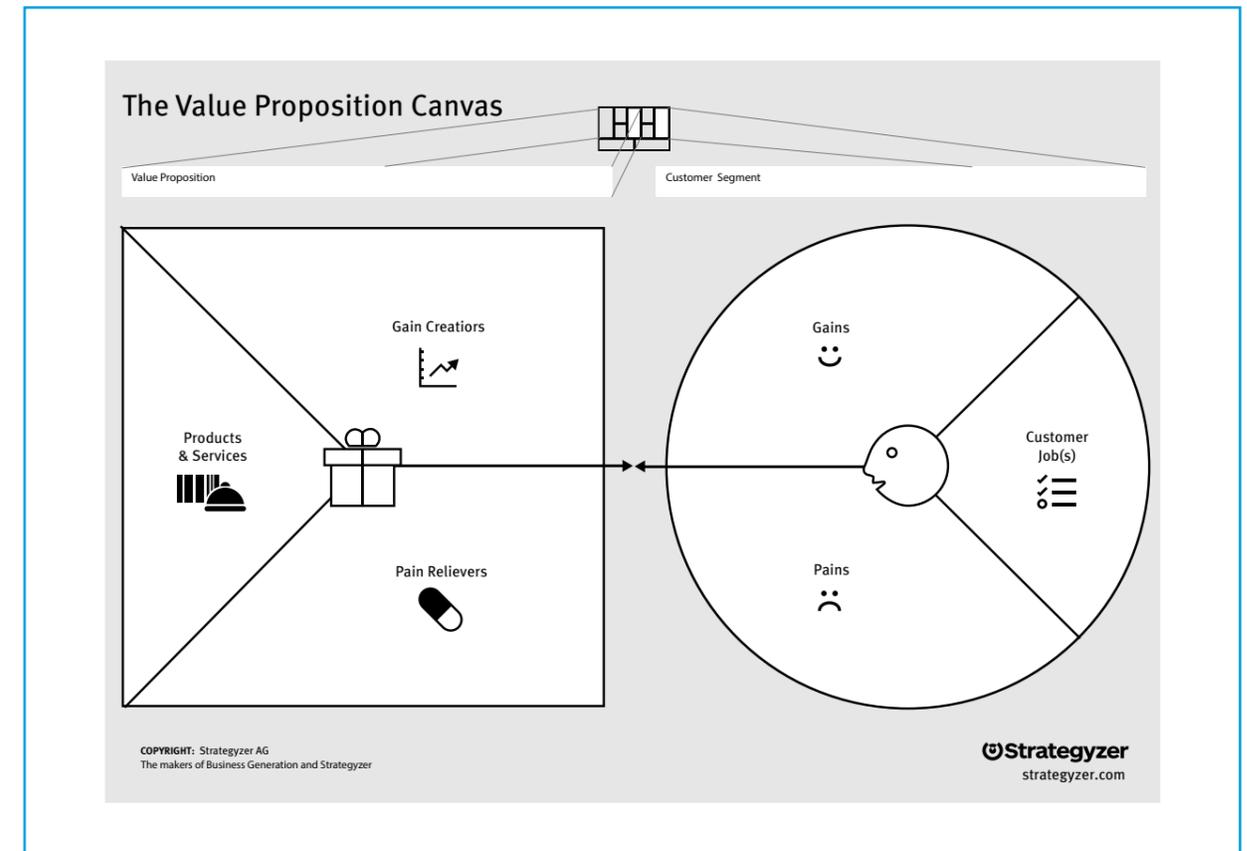
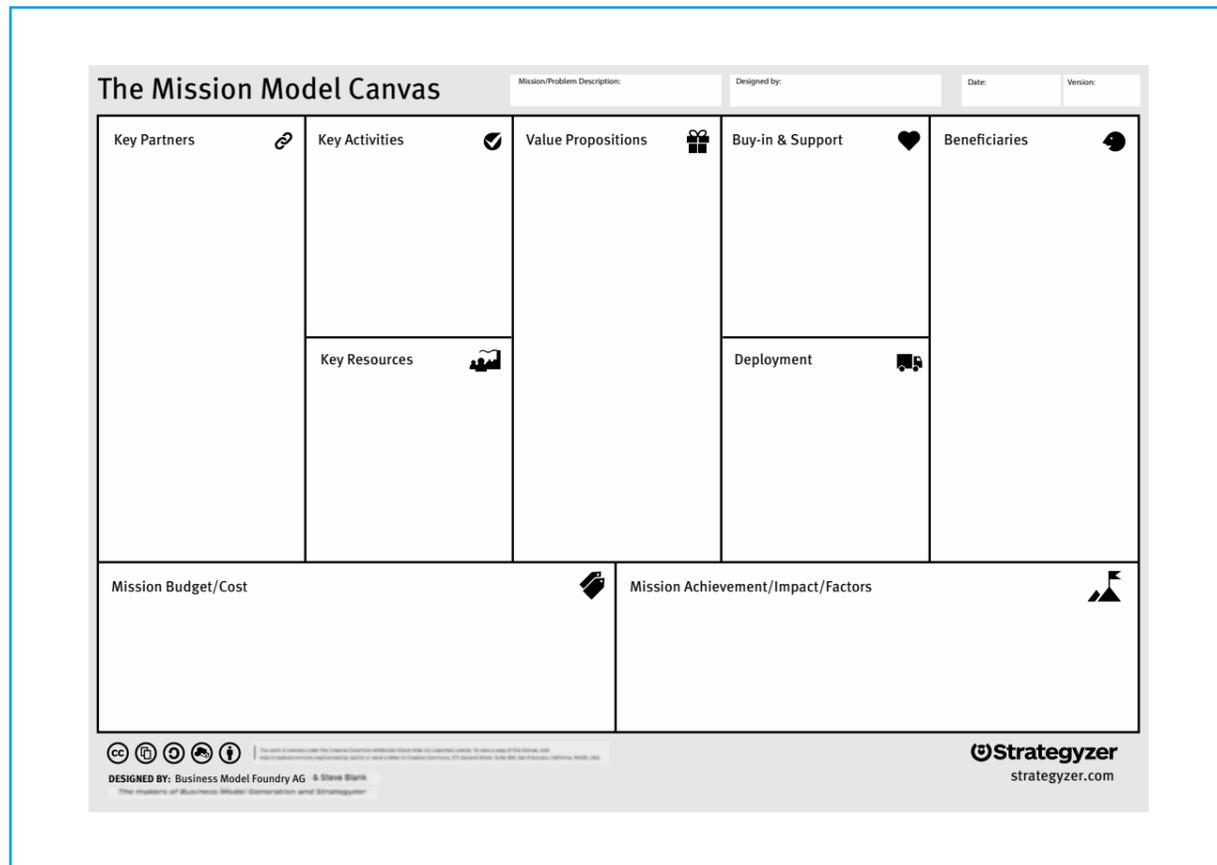
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THE MISSION MODEL CANVAS



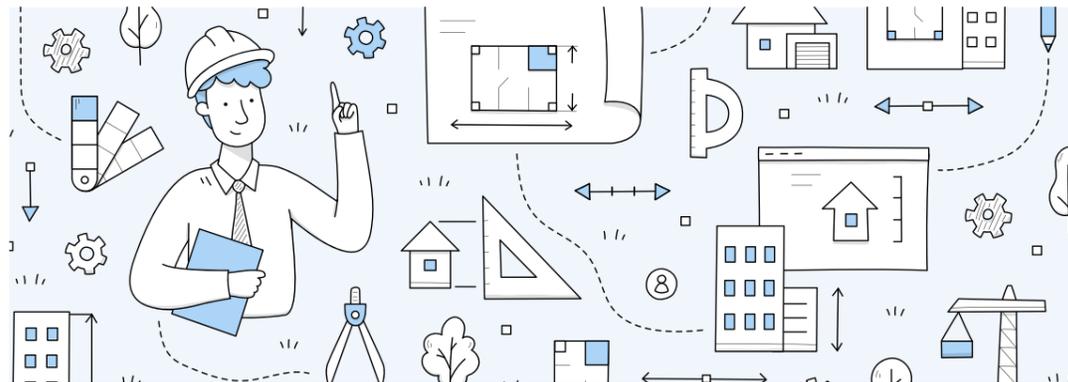
Presents the Mission Model Canvas template that can be used by the participants. While they work on printed copies of it, the Business Model Canvas can support them in filling in the blocks. After 30 – 60 minutes work, the groups supported by the educators develop their draft business canvas. With this, they are aware of their customers, the values that they bring to them, but also regarding the key resources, partnerships, activities, as well as the costs and revenues. However, it is all still in a basic level. Depending on the duration and the objective of the training, as well as the skills of the educator(s), the business modelling can be extended with additional tools such as the next one.



THE VALUE PROPOSITION CANVAS



The Value Proposition Canvas is a great next tool to use to understand the value that the TVET institution brings to the customers. “The Value Proposition Canvas is a plug-in tool to the Business Model Canvas. It allows you to describe your Value Propositions and the target Customer Segments in more detail and evaluate the “fit” between the value you intend to create and the expectations your customers have.” The source of this material is the great instruction for usage of [this tool](#).



FUTURE OFFERS



The educators present the frame for development of strategy based on the skills ecosystem’s needs and opportunities for future offers.

DEVELOPMENT OF STRATEGY BASED ON THE SKILLS ECOSYSTEM’S NEEDS AND OPPORTUNITIES

- 1 Identify skills gaps between the current offers and the future needs**
 - Current and future needs locally and regionally: analysing the technology trends, employer surveys and interviews, as well as job vacancy data.
 - Current offering of the TVET centres in your region. Hint: Also ask employers.
- 2 Assess the internal and external teaching staff skills and competences**
 - Hint: Assess beyond your network but be aware of the eligibility criteria.

- 3 Develop curricula align with the identified skills needs**
 - Hint: It can be tailored for various target groups by age and professional experience, and it can be short courses, micro-credentials and long(er)-term programs.
- 4 Ensure the fit to the target groups**
 - Full programmes to the typical full-time student.
 - Continues education to various adult learners coming from schools, professionals for upskilling, reskilling, or returning.
 - Include key stakeholders (students, employers, agencies in the development).
- 5 Promotion**
 - Prepare marketing and promotion strategy to reach potential learners and employers.
- 6 Content sustainability**
 - Monitor the effectiveness of the new courses and training programs, and make adjustments as needed based on learner and employer feedback.
 - Put in place a system (including relationships with employers and students' feedback systems) to assure the programme will remain relevant and up-to-date.
 - Prepare marketing and promotion strategy to reach potential learners and employers.
- 7 Assure financial sustainability of the programme**
 - Control the costs (teaching and academic staff, equipment and facilities, promotion and other costs).
 - Forecast the revenues (what is realistic number of students, who will pay for their education, how much and when).

MAKING IT WORK

Three groups are presented and the educator makes connection between the: Staff, Equipment and Facility management as key enablers of the TVET institutions.



Staff

- Teaching staff
- Administrative staff



Equipment

- Procurement
- Maintenance



Facility management

STAFF



- UTILIZATION:** Ensure that staff are being fully utilized and that their skills and expertise are being used effectively to achieve the institution's goals. This could involve assessing the workload of each staff member and redistributing responsibilities to ensure that everyone is working to their full potential.
- PLANNING OF FUTURE NEEDS:** Develop a staffing plan that aligns with the institution's strategic goals and objectives. This should take into account projected student enrolments, program offerings, and any changes to the institution's structure or focus.
- STAFFING:** Develop strategies for recruiting and retaining high-quality staff members, including identifying key competencies and qualifications needed for each role, creating job descriptions and recruitment materials, and establishing selection criteria.
- TRAINING AND DEVELOPMENT:** Develop a professional development plan for staff members that supports ongoing learning and development. This could include opportunities for training, mentoring, coaching, and other forms of professional development.
- PERFORMANCE MANAGEMENT:** Establish clear expectations and performance standards for each staff member, and regularly monitor and evaluate performance. This could include conducting performance appraisals, providing feedback and coaching, and addressing any performance issues or concerns.
- DIVERSITY AND INCLUSION:** Develop policies and practices that promote diversity and inclusion among staff members. This could include creating a diverse recruitment pool, providing training on cultural competency and bias, and ensuring that all staff members are treated fairly and with respect.



BASICS OF FACILITY MANAGEMENT

BUILDINGS, GROUNDS AND EQUIPMENT AVAILABLE AND DURABLE

- 1 **Regular maintenance.**
- 2 **Energy management** and sustainable practices to reduce energy consumption and lower costs.
- 3 **Safety and security planning** to protect the institution and its occupants from physical and environmental hazards.
- 4 **Effective contract management** for outsourced services to ensure they meet quality standards and are delivered on time and within budget.

EQUIPMENT



PROMOTION

 Before elaborating aspects it is useful to check with the participants what they already do, what they think it needs to be done and what they know on the topic. Therefore, this part starts with exercise conducted in small groups, instructed what to do and poked regarding lifelong learning offers for companies and for individuals, as well as other relevant topics relevant to the TVET institution.

Participants divided in small groups, half of the groups discussing:

- What have you done so far to attract students?
- What else can you do to attract students?

And the other half:

- How can you attract companies for collaboration?
- What can you do to attract companies?

After the teams finalize their discussion (15 – 20 minutes), each team presents their results. The educator writes down the key points.

PROMOTION TO STUDENTS AND COMPANIES



PART 3: Development



- Development or revision of curricula.
- Development of other collaboration offers in collaboration with various stakeholders.

KEY TERMS FOR GREEN AND ENTREPRENEURIAL LEARNING



GREENING

The process of pursuing knowledge and practices with the intention of becoming more environmentally friendly, enhancing decision-making and lifestyle in a more ecologically responsible manner that can lead to environmental protection and sustainability of natural resources for current and future generations.

Source: Greening TVET: A practical guide for TVET institutions

GREEN INNOVATION

Green innovation comprises all type of innovations that contribute to the creation of key products, services, or processes to reduce the harm, impact, and deterioration of the environment at the same time that optimizes the use of natural resources.

Source: Leal-Millán A. et al., „Green Innovation”, 2017

GREEN SKILLS

Abilities needed to live in, develop and support a society which aims to reduce the negative impact of human activity on the environment.

Source: Terminology of European education and training policy

TVET AND SKILLS DEVELOPMENT

Investment in TVET and skills development initiatives needed for the green transition enhances environmental awareness, competency, innovation and entrepreneurship, and thus opens new market opportunities for environmental goods and services, promotes green innovation and green growth, and puts our world on a more sustainable development path.

Source: Greening Technical Vocational Education and Training (TVET) and Skills Development: Challenges and Opportunities

EXERCISE: GREEN CURRICULA UPDATE



Participants have 30 minutes to discuss these questions in small groups and then they present and discuss their conclusions with the plenum.

WHY?

- Why would you include green topics in your teaching?

HOW?

- As separate topic, cross-cutting, or...?
- Which approaches, tools and techniques would you use?

BENEFIT?

- For your personally and for the school?
- For the learners?

CURRICULUM DEVELOPMENT AND REVISION

- IDENTIFY THE NEEDS OF THE INDUSTRY**
 This step involves understanding the requirements of the industry and the skills and competencies that are necessary for the workforce to meet those requirements. This can be done through industry consultations, surveys, and analysis of labour market trends.
- DEFINE LEARNING OUTCOMES**
 The learning outcomes should be specific, measurable, and aligned with the future needs of the labour market. This step involves defining what students should be able to do after completing the program.
- DEVELOP COMPETENCY-BASED CURRICULA**
 The curriculum should focus on specific skills and competencies, rather than topics. It should be developed based on the learning outcomes defined in step 2. This step involves selecting appropriate teaching and learning strategies, assessment methods, and instructional materials.
- INCORPORATE REAL-WORLD EXPERIENCES**
 This step involves providing opportunities for students to apply their learning in real-world situations, such as internships, apprenticeships, or projects with industry partners. This helps to ensure that students are well-prepared for the demands of the workplace.
- CONTINUOUSLY ASSESS AND UPDATE THE CURRICULUM**
 The curriculum should be regularly reviewed and updated to ensure that it remains relevant and responsive to the changing needs of the industry. This step involves collecting feedback from stakeholders, analysing program outcomes, and making necessary revisions to the curriculum.

› Should be specific, measurable, and aligned with industry needs

› Focus on specific skills and competencies not topics

› What they can do, now that they know

› Internships / apprenticeships

› Projects with industry partners

Overall, this curriculum development and revision frame is focused on ensuring that TVET programs are responsive to the needs of the industry and provide students with the skills and competencies necessary for success in the workforce.

COLLABORATION WITH COMPANIES



WHY?

- To provide students with real-world training and job opportunities.
- To offer life-long learning trainings for their staff.

HOW?

- Create programs that facilitate internships, apprenticeships, and mentorship opportunities with companies.

PART 4: Revenue generation



- Projecting future activities/services and revenues.
- Understand the costs associated with the services.

PROJECTING FUTURE REVENUES



BASIC FUNDING

ENROLMENT PROJECTIONS

- Use: Historical enrollment data, market trends...

TUITION AND FEE PROJECTIONS

- Determine tuition rates and other fees for each program, and use historical data and market trends to project future revenue from these sources.

GRANTS AND FUNDING PROJECTIONS

- Projection for grants and funding from government agencies, private foundations, other sources.

UNDERSTANDING THE COSTS OF A TVET INSTITUTION



COST PROJECTIONS

- Estimate the costs associated with delivering each program, including faculty and staff salaries, facilities and equipment, supplies, and other expenses.

FINANCIAL MODELLING

- Use financial modelling techniques to analyse the revenue and cost projections and develop financial projections for the institution over a set period of time, such as one to five years.

SCENARIO PLANNING

- Develop different scenarios for potential changes in enrolment, tuition rates, and other factors that could impact revenue, and evaluate the financial impact of these scenarios.

FINANCIAL SUSTAINABILITY TOOL



PART 5: Computing financial sustainability



About the tool

The Financial Sustainability Tool ([Annex 1](#)) has been designed to support managerial staff at Technical and Vocational Education and Training (TVET) institutions in managing the finances of the respective institution. It has been piloted at Selam Technical and Vocational College in Addis Ababa, Ethiopia, but it is applicable to most TVET institutions.

Aim of the tool

To help managers to calculate their costs and income in a comprehensive way. The costs and incomes are broken down into categories to provide a better understanding of the institutional budget structure, which can support the long-term financial sustainability of the institution.

How to use the tool

The tool is structured in 6 cost categories, each with its own sheet, in addition to an overview of the institution's income. The cost categories are colour-coded to make it easier to differentiate between them. Read the instruction below on how to insert data for each category.

For more on how to use the tool, check [Financial Sustainability Tool for TVET Providers](#) (annex).

It is advised for the educator to conduct half to one day training for the TVET institution's managing staff of all levels on how to use the tool. The training needs to be tailored, including:

- **Understanding on how costs are generated in the TVET institution overall and per category** (staff, equipment, consumables, facilities, travel and transport, and marketing and promotion), as well as understanding the revenues.
- **Examples from the institutions regarding the specific on the cost categories** (e.g. how is staff cost per hour calculated for employees and how for external lecturers).
- **Exercises for calculating costs and revenues** as applicable per course or programme.

III. FOLLOW-UP

The period after the training can be equally important for capacity building of the target institution as the Preparation and Implementation.



Materials

It is advised, before the training the financial sustainability tool to be shared with the participants along with agenda for the training.

The materials from each training day to be shared with the participants each day after the end of the training, accompanied with additional relevant materials (e.g. Business Model Generation manual).



Assessment

Conducting assessments after the training is very important to determine whether the participants have acquired the necessary knowledge and skills. This can be done through standardized form, or asking them for narrative feedback on key questions / topics (e.g. 1. What would you keep; 2. What would you change in this training?)



Consulting

Providing support to implement the knowledge and skills in their real-world environment, by discussing the real problems and offering them solutions.



Networking (if applicable)

Providing networking opportunities with other TVET managers, in order to exchange knowledge and good practices. This can be organised online or face-to-face in a form of community of practice, conference or virtual meeting.



Retraining

Regular updating and upgrading the skills is crucial for addressing knowledge or skills gaps, and making sure they stay on top of things. After such training, follow-up training after 6 – 12 months, after which update on 2-3 years in perpetuity is advised.

Annex

FINANCIAL SUSTAINABILITY TOOL FOR TVET PROVIDERS

About the tool

This tool has been designed to support managerial staff at Technical and Vocational Education and Training (TVET) institutions in managing the finances of the respective institution. It has been piloted in Selam Technical and Vocational College in Addis Ababa, Ethiopia, but it is applicable to most TVET institutions.

Aim of the tool

To help managers to calculate their costs and income in a comprehensive way. The costs and incomes are broken down into categories to provide a better understanding of the institutional budget structure, which can support the long-term financial sustainability of the institution.

How to use the tool?

The tool is structured in 6 cost categories, each with its own section, in addition to an overview of the institutions income. The cost categories are colour-coded to make it easier to differentiate between them. Read the instruction below on how to insert data for each category.

How to access the tool?

The tool is electronically available in the [Annex](#).

Summary sheet

- The summary sheet provides overview of all costs per category and all incomes per type.
- The calculations in this sheet are automatic, based on the inputs in the other sections.

Staff costs

- This sheet calculates the staff costs for both internal and external staff per staff category (teaching/management/administrative/other supporting staff).

Fill in data for each staff member: name and surname, course or activity for which the person is employed, staff category (teaching, managerial, administrative or other supporting staff) and staff type (internal or external).

- › **For internal staff:** select the salary period for your internal staff from the drop-down menu (weekly gross salary/monthly gross salary/yearly gross salary) and put the average working hours for the selected period (e.g., weekly gross salary=200 EUR, average working hours in a week=20).
- › **For external staff:** fill in the contracted payment amount.
- › **Expected hours spent for both internal and external staff:** divide the expected number of working hours by your staff into three categories (preparation, implementation and post-processing).

Equipment costs

- This sheet calculates the equipment costs considering the effective usage of the equipment.

Fill in identification details for the equipment: type of equipment and identification code (e.g., type of equipment: 3D printer; identification code: room 102 – plastic).

Fill in cost of the equipment: total amount that you pay when acquiring the equipment, including the equipment itself and any costs associated with its purchase (e.g., shipping, installing).

Fill in yearly cost of maintenance, as well as the expected lifetime of the equipment (in years).

Fill in the expected time of effective usage of the equipment, taking into consideration factors such as: capacity of the equipment, type of activity for which it is used, working hours, and **the actual time of usage of the equipment.** The expected effective usage time and the actual usage time should be entered in the same unit (e.g., minutes, hours, days).

Consumables

- This sheet calculates the consumables costs referring to any expenses related to materials that are used during the trainings, courses and the overall workflow.

List down the type of consumable materials.

Fill in the unit cost for each material (each row) and the needed units in order to get the final cost of that material.

Facilities

- This sheet calculates the facilities costs whether rented or owned.

Travel and transport

- This sheet calculates the travel costs for different means of travel: car travel based on the distance travelled and costs for other modes of transportation.

CAR TRAVEL – REAL COSTS:

- › **Fill the journey details** in the "Itinerary" field to describe the planned route.
- › **Fill in all types of costs** when travelling by car, such as: tolls, parking. Make sure to specify the type of costs.

KILOMETRE ALLOWANCE:

- › **Fill the journey details** in the "Itinerary" field to describe the planned route.
- › **Fill in the kilometres per travel** and the calculated cost per kilometre.
- › Make sure that it is clear whether you calculate one-way or return trip.

OTHER MEANS OF TRANSPORT – REAL COSTS:

- › **Fill the journey details** in the "Itinerary" field to describe the planned route.
- › **Fill in the type of costs,** e.g., one-direction flight, taxi from/to airport.
- › **Fill in the costs per travel and number of travels** in order to calculate the total travel costs.

Marketing

- This sheet calculates the marketing and promotion costs per Marketing equipment, Consumable marketing materials and Subcontracting or services.

The marketing equipment refers to those materials that are used for a longer period of time such as: roll-up, branded stand, while the consumable materials are those that are designed to be used up as part of the promotion, such as: flyers, cards, branded pens.

MARKETING EQUIPMENT:

List down the type of marketing and promotion materials that are used for a longer period of time, such as: roll-up, branded stand. **Fill in the unit cost** for each material (each row) and the **needed units** in order to get the final cost of that material.

CONSUMABLE MATERIALS:

List down the type of marketing and promotion materials that are consumable during the promotional campaign, such as flyers. **Fill in the unit cost** for each material (each row) and the **needed units** in order to get the final cost of that material.

SUBCONTRACTS OR SERVICES:

List down the type of subcontracted services and the **subcontractor**, whether an individual or an organisation. **Fill in the total subcontracting costs per row.**

Income

- This sheet calculates the income of your institution per lump-sum funding and performance-based funding.

LUMP SUM FUNDING:

This type of funding refers to providing a fixed amount to the institution, depending on the source of funding.

Fill in the type of lump sum funding.

Fill in the status of the lump sum funding, whether it is received per period or per cohort. Lump sum funding per period means providing a fixed amount at regular intervals, e.g., quarterly. Lump sum funding per cohort means providing a fixed amount to a specific group or cohort.

Fill in the number of periods or cohorts.

Fill in the received sum per period or cohort.

PERFORMANCE BASED (VARIABLE) FUNDING:

This type of funding refers to the amount which is received based on the performance in specific metrics, such as the number of enrolled students.

Fill in the type of performance-based funding.

Fill in the income per unit.

Fill in the number of units.

MARKETING AND PROMOTION				
This sheet calculates the marketing and promotion costs per Marketing equipment, Consumable marketing materials and Subcontracting or services.				
MARKETING EQUIPMENT				
ID	Type	Unit costs	Units	Total costs
ME.1	e.g. Roll up	105.00 €	3	315.00 €
ME.2	e.g. Stand	250.00 €	1	250.00 €
				- €
				- €
				- €
				- €
			Total	565.00 €
CONSUMABLE MATERIALS				
ID	Type	Unit costs	Units	Total costs
MC.1	e.g. flyers	0.30 €	1000	300.00 €
MC.1	e.g. online marketing per click	0.07 €	5000	350.00 €
				- €
				- €
				- €
				- €
			Total	650.00 €
SUBCONTRACTS OR SERVICES				
ID	Type	Subcontractor	Total costs	
MS.1	e.g. Promotion campaign	e.g. PR agency xx	3,000.00 €	
MS.2	e.g. Distribution of flyers		500.00 €	
			Total	3,500.00 €
Total marketing and promotion costs				4,715.00 €

INCOME					
This sheet calculates the income of your institution per lump-sum funding and performance-based funding.					
LUMP SUM FUNDING (FIXED INCOME)					
ID	Type of lump sum (governmental, funding, sponsorship, donations etc.)	Status	# periods/ cohorts	Sum per period/ cohort	Income
FI.1	e.g. Governmental funding	per period	3.6	9500	34,200.00 €
FI.2	e.g. Client company co-funding	per cohort	1	2000	2,000.00 €
FI.3		per cohort			- €
					- €
					- €
					- €
				Total	36,200.00 €
PERFORMANCE BASED FUNDING (VARIABLE INCOME)					
ID	Type (e.g. enrolled students, successful students etc.)	Unit income	Units	Income	
VI.1	e.g. Client company funding per graduate	100	20	2,000.00 €	
VI.2				- €	
VI.3				- €	
				- €	
				- €	
				- €	
				- €	
			Total	2,000.00 €	





Vienna International Centre
Wagramerstr. 5, P.O. Box 300
A-1400 Vienna, Austria



+43 1 26026-0



www.unido.org



unido@unido.org



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