EVALUATION OF THE NATIONAL SKILLS DEVELOPMENT STRATEGY (NSDS III) 2011-2016

and

October 2018

Acronyms

Acronym	Description	Acronym	Description
ABE	Adult Basic Education	NADSC	National Artisan Development Support Centre
ABET	Adult Basic Education and Training	NAMB	National Artisan Moderation Body
AG	Auditor General	NATED	National Accredited Technical Education Diploma
AgriSETA	Agricultural Sector Education and Training Authority	NCDF	National Career Development Forum
ANC	African National Congress	NCV	National Certificate Vocational
APP	Annual Performance Plan	NDP	National Development Plan
AQPs	Assessment Quality Partnerships	Nedlac	National Economic Development and Labour Council
ARPL	Artisan Recognition of Prior Learning	NEET	Not in Education, Employment, or Training
ASC	Academic Subject Certificate	NGO	Non-Governmental Organisation
BankSETA	Bank Sector Education and Training Authority	NLPE	Non-Levy Paying Enterprise
BBBEE	Broad-Based Black Economic Empowerment	NLRD	National Learners' Records Database
BEE	Black Economic Empowerment	NQF	National Qualifications Framework
CATHSSETA	Cultural, Arts, Tourism, Hospitality, Sports Sector Education and Training Authority	NRF	National Research Foundation
CBO	Community-Based Organisations	NSA	National Skills Authority
CDS	Career Development Services	NSC	National Senior Certificate
CEO	Chief Executive Officer	NSDS	National Skills Development Strategy
CET	Community Education and Training	NSF	National Skills Fund
CETA	Construction Education and Training Authority	NSFAS	National Student Financial Aid Scheme
CETC	Community-based Education and Training	NSI	National System of Innovation
CFO	Chief Financial Officer	NTC	National Training Centre
Chieta	Chemical Industries Education and Training Authority	OD	Organisation Development
CIMSP	Credible Institutional Mechanism for Skills Planning	OECD	The Organisation for Economic Co-operation and Development
COIDA	Compensation for Occupational Injuries and Diseases Act	PFMA	Public Finance Management Act
COOPS	Co-operatives	PIVOTAL	Professional, Vocational, Technical and Academic learning programmes
CoS	Centres of Specialisation	POPI	Protection of Personal Information
CSTF	Community Skills Training Forum	PRASA	Passenger Rail Agency of South Africa
DBE	Department of Basic Education	PSDF	Provincial Skills Development Forums
DDG	Deputy Director General	PSET	Post-School Education and Training
DG	Director General	PSETA	Public Service Education and Training Authority
DHET	Department of Higher Education and Training	QC	Quality Council
DoL	Department of Labour	QCTO	Quality Council for Trades and Occupations
DPSA	Department of Public Service and Administration	QLFS	Quarterly Labour Force Survey
DQPs	Development Quality Partnerships	QMR	Quarterly Monitoring Report
DST	Department of Science and Technology	RCT	Randomised Controlled Trails
DTI	Department of Trade and Industry	R&D	Research and Development
ECDI	Enterprise and Cooperative Development Institute	REAL	Centre for Researching Education and Labour
ESSA	Employment Services South Africa	ROI	Return on Investment
ET	Education and Training	RPL	Recognition of Prior Learning

Acronym	Description	Acronym	Description
ETDPSETA	Education, Training and Development Practices Sector Education and Training Authority	SAIMI	South African International Maritime Institute
EWSETA	Energy and Water Sector Education and Training Authority	SAQA	South African Qualifications Authority
FASSET	Financial and Accounting Sector Education and Training Authority	SARCHI	South African Research Chairs Initiative
FE	Further Education	SARS	South African Revenue Services
FET	Further Education and Training	SASSETA	Safety and Security Sector Education and Training Authority
FETI	Further Education and Training Institute	SBF	School of Business Finance
Foodbev SETA	Food and Beverage Sector Education and Training Authority	SBIDZ	Saldanha Bay Industrial Development Zone
FPI	Financial Planning Institute	SCM	Supply Chain Management
FP&M SETA	Fibre, Processing and Manufacturing Sector Education and Training Authority	SDA	Skills Development Act
GDP	Gross Domestic Product	SDL	Skills Development Levy
GETC	General Education and Training Certificate	SEDA	Small Enterprise Development Agency
GTAC	Government Technical Advisory Centre	SEIFSA	Steel and Engineering Industries Federation of South Africa
HE	Higher Education	SETA	Sector Education and Training Authority
HEMIS	Higher Education Information Management System	SIPs	Strategic Integrated Projects
HoD	Head of Department	SLA	Service Level Agreement
HR	Human Resources	SMMEs	Small, Medium and Micro-sized Enterprises
HRD	Human Resources Department	SOE	State-owned Enterprises
HSRC	Human Science Research Council	SP	Strategic Plan
HWSETA	Health and Welfare Sector Education and Training Authority	SSACI	Swiss-South African Cooperation Initiative
ICT	Information and Communications Technology	SSDF	Scarce Skills Development Fund
IDZ	Industrial Development Zone	SSETA	Services Sector Education and Training Authority
INDLELA	Institute for the National Development of Learnerships, Employment Skills and Labour Assessment	SSP	Sector Skills Plan
INSETA	Insurance Sector Education and Training Authority	TAU	Technical Assistance Unit
IPAP	Industrial Policy Action Plan	TETA	Transport Education and Training Authority
IPSS	Institute for Post-School Studies	ToC	Theory of Change
ISAT	Integrated Summative Assessment Tasks	TUT	Tshwane University of Technology
JIPSA	Joint Initiative for Priority Skills Acquisition	TVET	Technical Vocational Education and Training
LMIP	Labour Market Intelligence Partnership	UIF	Unemployment Insurance Fund
MAS	Mzabalazo Advisory Services	UoT	University of Technology
MES	Modular Employable Skills	UWC	University of the Western Cape
merSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority	VET	Vocational Education and Training
M&E	Monitoring and Evaluation	WIL	Work-Integrated Learning
MICT SETA	Media, Information and Communication Technologies Sector Education and Training Authority	W&RSETA	Wholesale and Retail Sector Education and Training Authority
MLI	Medupi Leadership Initiative	WSP	Workplace Skills Plan
MoA	Memorandum of Agreement	WWF	World-Wide fund
MQA	Mining Qualifications Authority		

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Executive Summary

1. Introduction

This study sets out to evaluate the design of NSDS III, its implementation from 2011 to 2016 and to explore impact.

NSDS III gets its legal mandate from the Skills Development Act, the intention of which was to: develop the skills of the South African workforce, improve productivity, increase the prospect of citizens finding work, possibilities for self-employment; increase investment in education and training in the labour market and to improve the return on that investment; encourage employers to provide opportunities for new entrants to the labour market and to use the workplace as a learning space; encourage workers to participate in learnership and other training programmes; improve the employment prospects of persons previously disadvantaged; and ensure the quality of education and training in and for the workplace.

Whilst the focus of skills development strategy is the workplace, firms and the economy it is also linked to and is part of the broader post-school education and training system. However, it has a distinctive role in that whilst other PSET institutions have a broader mandate, skills development's focus is exclusively the economy – as the vision sets out, the aim is to capacitate workers to contribute to, and benefit from, inclusive growth.

The evaluation covers the relevance, efficiency, effectiveness and emerging impact of the NSDSIII over the period 2011/12 to 2015/16. It makes findings, conclusions regarding the evaluation criteria and recommendations for consideration.

2. Methodology

The evaluation was carried out between October 2016 and August 2017. Qualitative and quantitative methodologies were used. Methods included: desk research; learner and financial data analysis; interviews and focus groups; a survey of employers; tracer studies of learners; and case studies of NSDS implementation. There were also regular stakeholder workshops to present data and engage on its meaning. A participative approach was consistently employed.

3. Design

The evaluation found that NSDS III had a clear purpose, that a sound diagnostic of the problems was done, and that different options were considered. It did not have a Theory of Change but it was designed with a set of outputs linked to outcomes and goals. However, there was no implementation plan or set of policy implementation levers included. Taking account of the context at the time – a new department bringing skills development together with the TVET and higher education branches – the strategy was viewed as an enabling framework, flexible enough for different stakeholders to use according to their particular sectoral needs. The downside was that it did not prioritise and was open to interpretation. It tried to do too many things and was over ambitious for a five-year period.

4. Implementation

In 2010, a review of the skills branch was conducted and its capacity needs assessed. A set of recommendations to strengthen the branch were agreed but not implemented. The branch did not have adequate capacity to lead and manage strategy implementation.

The NSF inherited from the Department of Labour had limited capacity to plan, manage and monitor spending. From 2014 capacity was built and the NSF now has project planning and management capacity.

In the public service structural and financial challenges were addressed with a proportion of the ring-fenced funding in government departments being transferred to SETAs. SETAs now play a role in driving skills development, particularly for new entrants, in their sector departments. Problems continued with the PSETA spending most of the period either under-funded or under administration. The GSETA structure helped coordinate across the public service.

SETAs bought into NSDS III, though they were concerned about the Department pressuring them to fund TVET and HE, and their role in addressing the NEETs challenge.

Implementation levers included the Service Level Agreements (SLAs) that committed SETAs to targets, the requirement to develop scarce skills lists and PIVOTAL lists, backed by the SETA Grant Regulations. These worked well in directing the resources of SETAs to priorities in NSDS III.

There have been governance and accountability challenges across the skills system. Attempts were made to address the problems but they have continued.

skills planning and research

In relation to skills development research and planning a great deal was achieved. SSPs were reduced in size and improved, and there was greater alignment with strategic plans and APPs. There is now a significant academic focus in universities on TVET and skills development, which had not existed before. However, SETA research capacity remains weak and both SETAs and DHET lack the capacity to either manage research or “translate” the research into policy.

Management information systems (MIS) and data management remain weak.

Institutional capacity

Much has been done to improve capacity for skills planning, skills development and training for the economy. There are examples of SETAs building their capacity to be proactive and move away from a passive grant giving role to playing a brokering or facilitating role.

Work has been done with the public TVET colleges to strengthen capacity to deliver occupational programmes, though with limited success. Employer confidence in the colleges remains very low. Occupational programmes make up a small proportion of TVET college provision.

A major success story is the revival of artisan training, including some of the TVET colleges playing a lead role in some artisan trades. There are also some success stories in the Nated programmes for business administration. The slowness in getting occupational qualifications registered is a cause of frustration in the colleges, as is the lack of infrastructure, up to date equipment and lecturers qualified in the trades being taught.

Some public private partnerships have emerged. Private providers feel excluded and adversely affected by the changes but remain active and ready to participate.

There are a number of NGOs engaging in the transition of learners from education and training to employment, some of them playing an important intermediary role.

Funding of skills development

The skills development levy (SDL) brought in an income of about R63 billion over the period 2011 to 2016. Of the R63 billion received from 2011-2016.

In addition, there are various incentives in the form of tax concessions for registering and completing learnerships and apprenticeships. BEE scorecards and the earning of BEE points have also played a role.

The NSF receives 20% of the levy income in order to fund skills development for those that were unlikely to benefit from grants paid to employers. With the adoption of NSDS III the fund was given responsibility for funding “national priorities” and so there was a shift in focus. The NSF received a total of R 19 billion in revenue between 2011/12 and 2015/16. About R14 billion was disbursed by the NSF over the period under review.

There was just over R50 billion received by the 21 SETAs as levy revenue between 2011/12 and 2015/16. Of the total available funds over the five-year period, the SETAs spent about R6.3 billion on administration costs, disbursed about R14.5 billion in mandatory grants and R20 billion in discretionary grants. In total they made R31 billion worth of discretionary commitments between 2011 and 2016.

The cabinet decision to agree to 30% of the ringfenced public service skills development funds to be transferred to SETAs was implemented from the 2013/14 financial year but not evenly. Public Service Departments nationally and in provinces had around R19 billion “ring-fenced” to spend on skills development between 2011 and 2016 of which they spent around half. When adding the amount spent on training and development and funds transferred to SETAs, the total sum as a proportion of payroll comes to 58% of the ring fenced 1%.

Overall there is substantial under spending of available funds.

5. Funded Skills Development

During the period of NSDS III there were almost 1.1 million enrolments across different learning programmes offered under the auspices of the 21 SETAs. In addition, there were 330,000 learners funded by the NSF. That means there were just over 1.4 million beneficiaries of skills development system funding between 2011/12 and 2015/16.

From the base year (2011/2012), enrolments increased from 168 536 to 259 737 in 2015/16. This figure is made up of: 342 591 learners in learnerships (189 287 completing) - an average of 55% throughput; 42 933 interns (12 725 completing) - an average 30% throughput; 516 436 in skills programmes (517 103 completing) -100% throughput. Collectively SETAs funded 61 802 student bursaries.

In a cohort analysis of enrolments in 2011, only 37% of those enrolled in artisan programmes completed their training in three years. 38.9% complete their programmes after four years while 42.2% complete in five years. This implies that 57,8% of apprentices do not complete their training at the end of five years. It is estimated that the amount allocated for artisan

training was R13 754 391 600. The cost of delayed and non-completion is calculated at R3 606 321 111.

Experience of implementation

Large and medium firms engage much more in skills development funded by SETAs than do small firms. The majority of those accessing funded skills development are young people aged under 35, with about half of these being under 25.

Funding has been provided for Worker Education, but this remains a weak area of work, where infrastructure is limited and funding a challenge. The voice of workers is weak within the skills system.

By 2014, most public service departments had put learnership and internship policies and programmes in place. Of the total 44 739 recruited into departments in the 2014/15 financial year, 44% were interns, 54% were Learners and 2% were apprentices.

Efforts have been made to use the extensive training capacity of the SOEs to revive their role in training for the economy.

A number of partnerships were put in place around the IDZs and SIP projects, with skills development playing an important role.

Articulation has been a focus of attention during this period with a number of agreements being recorded to enable transfer of credits from lower to higher level qualifications. RPL has also been used to enable experienced workers to gain trade qualifications.

6. Impact

It was agreed during a national stakeholder workshop in August 2017 that rather than trying to attribute impact to skills development, the study should focus on what has worked and not worked and examine areas of emerging impact – signs that the strategy is starting to achieve intended results.

In terms of employment, the proportion of learners not previously employed being absorbed into full-time employment after completion was high in the case of Apprenticeships, Learnerships and Internships. However, unemployment continued to rise.

Employers believe that skills development has improved productivity, reduced errors in the workplace and improved the quality of product or service delivered. Trade union representatives agreed that this was the case.

Training has also increased the work readiness of young people entering the workplace.

However, a majority of employers stated that skills development has not achieved what they hoped for in terms of improving the supply of needed skills.

In many companies the apprenticeship is regarded as an investment that has as its return a highly competent team of artisans who contribute to the income of the company.

SMME employment declined during the period under review. Skills development is not viewed as assisting small companies. Interviews with employers, government officials and employer associations paint a picture of a skills system that is bi-passing small business.

The evaluation has found no evidence of interventions designed to support skills development in the informal sector.

Individuals who participated in skills development reported positive outcomes. Most gained confidence to engage in the labour market. Many obtained jobs either with the company they trained in or elsewhere. Some were promoted, many increased their earnings and a small number started businesses.

Employers state that as a result of skills development there has been an increase in the proportion of skilled and management posts being filled by black people and to a lesser extent women. With regards to people with disabilities, a small proportion of employers stated that there has been an increase in the number of people with disabilities employed in the organisation. Disability targets have generally not been achieved for training. Interviews with organised labour and disability stakeholders revealed a level of scepticism as to impact of skills development on employment equity. Respondents stated bluntly that training has not contributed to equity. The views expressed by trade unionists are supported by QLFS labour statistics.

There has been a reasonably good balance between programmes targeted at the unemployed and programmes targeted at employed workers that enabled them to gain new skills and qualifications.

There is some evidence that more women than men are gaining employment after training, though this is tentative and needs further research and it is evident when looking at the unemployment rates by gender, that it remains lower for men than it does for women.

There has been a reasonably successful effort to expand training opportunities to all provinces.

The SETAs and the NSF have done well in focusing resources towards the youth. Of the approximately 200 000 people trained each year, about one third are under 25 and two thirds are under 30 and three quarters are under 35.

The skills system is making a contribution to impacting on challenge of youth unemployment, but it is, and will remain, a relatively small one in comparison to the number of NEETs.

People with disabilities are poorly represented amongst permanent employees. Those entering senior positions are predominantly male and white. The skills system has not managed to meet its targets and so skills development is not helping to rectify this.

7. **Conclusions**

7.1 Relevance

The overall strategy was relevant to the challenges that it sought to address. Larger and established companies identify their skills needs and priorities and work with SETAs to identify relevant programmes and interventions to address them.

Only around 23 000 companies participate in SETA grant processes or participate in discretionary grant funded projects. Most small businesses do not engage and the informal sector is unlikely to even know of SETAs, let alone take advantage of available training.

All SETAs produce quality career guides. However, few people either know about, read, or make use of the guides. It would seem that they are not viewed as relevant. There is also a concern that there is no mechanism in place with the Department of Basic Education to enable their use in schools.

From the perspective of an unemployed young person seeking entry into the labour market the programmes on offer, such as learnerships and skills programmes, are designed to achieve occupationally relevant qualifications and work experience. The programmes that are made available to young people in the form of apprenticeships and learnerships are working for the young people who access them. The challenge is scale. To make occupational programmes available on a mass scale is not achievable within the available resources.

No structural changes were made in the way that the skills system works with the public service, though some attempt at coordination has been made in the “GSETA” coordinating forum of public service SETAs. Funding has been addressed in that SETAs, from 2014, received not only the 10% of the ring-fenced 1% allowed to support the administrative costs of SETAs, but also an additional 20% of the ring-fenced amount. Most departments are accessing relevant programmes for their staff.

7.2 Effectiveness

The Strategy in its implementation has been effective in achieving a strategic shift in the way the skills system functions. One of the challenges that remains is alignment to industrial strategy. Some work has been done to align skills development to industrial strategy (formally in SSPs), but there is evidence of only partial success in terms of practical implementation.

NSDS III was not a strategy for a five-year period. Some outputs and outcomes have been achieved in the five years but many remain work in progress even in 2018. But there has been consistent progress. The skills development system has changed direction. There is a sense of skills development being part of a wider government and national economic and developmental agenda.

However, while these are positive findings, more attention needs to be given to implementation levers, restructuring the skills system to be better positioned to take the strategy forward, putting in place coordination structures where more than one branch or department is involved, and improved accountability arrangements.

Overall NSDS III has been effective in shifting focus and direction in line with intended policy, but it has not been uniformly effective across all eight goals. Work is needed to improve effectiveness in the next iteration of the strategy.

Good progress has been made in some goals, less in others.

Firms. Employers who engaged in training believe that the training has impacted favorably on their companies, with increased productivity, more flexibility and less accidents being highlighted. They also believe that employment equity advances have been made with the support of skills development.

Cooperatives and NGOs. Although some training has been targeted at cooperatives and NGOs, very little evidence has been provided that demonstrates effectiveness. Cooperatives have generally struggled to survive, have been affected by the poor performance of the economy, and have not been able to benefit significantly from skills development. In relation to NGOs, the view of the Nedlac community constituency is that civil society generally is weaker today than it has been historically and that little has been achieved in terms of skills development to strengthen NGO capacity.

Informal sector. This is probably the area of least effectiveness during the period 2011-2018. The funds that were made available prior to 2011 were redirected to other national priorities. It is very doubtful if skills development has been effective in the informal sector.

The economy. The case studies conducted show the effort that was put into aligning skills development to Strategic Infrastructure Projects (SIPs) and to forge public private partnerships. However, the overwhelming evidence points to very fragile partnerships, with industry and DTI stakeholders actively avoiding doing business through the SETAs.

Public service. The period 2014-2016 saw some major changes in both coordination and funding and it is early for these changes to be impacting. The basis has been laid for more effective skills development in the period ahead. Effectiveness will require an alignment of skills development interventions to other strategies for improving public service capacity.

Individuals. Those that engaged in programmes gained qualifications, gained work experience and gained in confidence to apply for jobs. In certain circumstances, the programmes resulted in those qualifying finding employment, starting a business or gaining promotion. Factors impacting on effectiveness

7.3 Efficiency

As described earlier a large proportion of available funds in SETAs, the NSF and in government departments was not spent during the period 2011-2016, and large surpluses continue to be built up. Overall, across the skills system, there is inefficient use of available resources. Improved cash flow management could increase the proportion of income spent over a five-year period.

During the period 2011 to 2016, just over 1 million learners were funded by the SETAs and 330 000 were funded by the NSF, on average around 270 000 a year. More could be done if more of available funds were spent and better throughput achieved.

For 1-year learnership programmes started in 2011, 2012 and 2013, the throughout rate after 3 years was 33.8%. The throughput rates for artisans entering 3-year programmes in 2011 stood at 31.7% after 3 years, and 42% after 5 years. These are very low for a programmes that cost as much as they do. Throughput rates may have improved for those entering programmes since 2014 but this needs a cohort analysis to confirm.

7.4 Sustainability

The most obvious success story in terms of effectiveness of NSDS III is around artisan and learnership programmes. The evaluation of NSDS II conducted by the HSRC in 2011/12 concluded that such programmes are effective, and this study reaffirms that finding. However, the throughput figures indicate an unexpectedly high level of inefficiency in these programmes. Unless improved efficiency can be achieved by improving throughput rates the current expansion of artisan training is not sustainable. The NDP target of 30 000 per year is just not realistic and even the current number of 16 000 a year is unlikely to be sustainable.

8. Recommendations

Strategy

- It is noted that the Department has published a National Skills Development Plan. It is the view of this evaluation team that this should be reviewed taking into account findings from this evaluation of the NSDSIII. This should inform both the shape of the National Skills Development Strategy, as well as the implementation plan, that takes effect from 1 April 2020. It is important that its unique role in relation to the economy should be recognized.
- That the strategy should be informed by a determination to build a demand-led skills development system, where the needs of current and future enterprises determine the priorities and programmes of the skills system.
- That the strategy should be informed by long term goals and medium-term outcomes that are achievable within the resources available. Consideration should be given to identifying a small number of priority programmes that will focus the skills development institutions and stakeholders and resources.
- Make the involvement of small and emergent enterprises a central focus of skills strategy and develop indicators to enable progress to be measured.
- There should be agreement with relevant economic departments, the Department of Small Businesses and Industry on the approach and mechanisms for the aligning of training to other support provided such as funding, business development support and access to markets.
- There should be agreement with relevant economic departments and industry on a programme that has a specific focus on developing management and business skills and creating access to industry-based value chains and networks. The work of EDD on value chain linkages to townships, and the work of the DTI in relation to IDZs and industry specific incentives are examples of where skills development needs to be aligned to achieve greater impact.

Joint planning processes

- For each goal, outcome or output that requires more than one branch or department to achieve it, there should be joint planning and oversight structures put in place to drive delivery. The Skills Branch should take responsibility with the support of the DG for putting such structures in place.

Addressing incorrect perceptions

- That future strategy is accompanied by a communications strategy that makes clear what is intended, particularly in relation to the role of public and private providers.

Costing options

- The strategy should determine priorities based on costed options. Decisions on priorities should be based on evidence in relation to projected costs, anticipated benefits and opportunity costs. The strategy should also inform the SLAs between the DHET and the SETAs and between DHET and the NSF.

Financial strategy

- The national skills development strategy should be accompanied by a financial strategy that provides direction to stakeholders on how resources should be allocated to achieve maximum impact. Particular attention should be paid to improved cash flow management to reduce the amount of money held in reserves and release it for skills development.

NSF funding strategy

- There should be review of the priority programmes that the NSF commits to funding. This should be based not on general funding pressures that exist for government but on the legislated mandate of the NSF and in particular an analysis of NSDS and those outputs and outcomes of the strategy that are unlikely to be achieved through SETA funded programmes.
- In reviewing the programmes to be funded by the NSF consideration should be given to the potential impact of reducing or withdrawing funding from programmes that are not strictly relevant to NSDS implementation, but which are nevertheless important within the broader PSET policy framework. Care should be taken to ensure that alternative sources of funding are found where NSF funds are redirected to other NSDS priorities. This is a major risk and needs to be managed carefully.
- In redirecting funding particular attention should be given to programmes for the unemployed and in particular the NEETs. Consideration should be given to prioritising programmes that offer modules of employable skills to unemployed young people. Artisan and learnership programmes are an ideal route for young people to enter the labour market, but they are resource intensive and therefore cannot be offered on a mass scale. Smaller units of training that carry value in the labour market should be

made available and be funded by the NSF.

- Although the main focus of capacity building during the period since 2011 has mainly been the TVET colleges, the focus should now turn to community colleges and the funding of capacity to deliver to the skills needs of local communities.
- The increased capacity in the NSF needs to be harnessed to work more closely with the rest of the skills system to implement NSDS. The additional capacity that has been built positions the NSF to play an increasingly important role in the achievement of the strategy. Monitoring as well as evaluation of NSF funded programmes should become a priority.
- Consideration should be given to the governance and accountability mechanism for the NSF. With a suitable accounting authority, the NSF could play an even bigger role than it does in the funding of skills development and in overseeing spending within the skills system.

Levers, or instruments, of policy implementation

- During the planning of the next iteration of skills development strategy for each of the intended goals and outcomes there should be a description of the levers or instruments that will be put in place to enable the goals to be achieved. These should be developed in a process led by the DHET skills branch and involve the relevant stakeholder departments.

Role clarification

- The Theory of Change for future strategy must set out clearly who will take lead responsibility for activities required to achieve outputs and outcomes.

Coordination structures

- Where there is a complex goal, outcome or output in the strategy there should be a multi-stakeholder structure put in place whose composition is based on a careful stakeholder analysis. It is assumed that the Skills Branch will continue to be the custodian of the NSDS and its implementation, and that the branch, with the support of the DG will lead the processes needed to establish these structures.
- Governance and accountability

Simplification of structures

- The number of boards or accounting authorities should be reduced. Ideally there should be one accounting authority that has real power to hold skills development structures to account.
  There should also be legislation to clarify exactly who is responsible for: allocating funds; ensuring legislative compliance; accounting for misuse of funds; accounting for poor performance; and what powers exist to ensure there are consequences for wrong

doing.

Structuring of the skills system

The skills branch

- Once the strategy post 2020 is agreed, the GTAC OD review report should be reviewed and efforts made to ensure that the structures put in place have the capacity to lead and manage implementation. It is particularly important that the skills branch should have improved research capacity, strengthened monitoring capacity and systems, the ability to "translate" research findings, increased brokering capability to forge the various policy alignments and partnerships needed to implement NSDS.

SETAs

- That the Department facilitate, possibly with the assistance of the Presidency, an intense stakeholder engagement to broker agreement on the structure and accountability mechanisms for the skills system, so as to rationalize decision-making, reporting and governance. It is noted that there has been considerable discussion in this regard though the NEDLAC process; these views should be consolidated and considered taking into account the wider learning emerging from this evaluation.

A flexible and responsive skills system

- That consideration should be given to envisioning a future skills system that is flexible and responsive and which can redirect resources to where they are needed to support NSDS implementation. Critically this will involve breaking down the silos that have developed and which have become entrenched.

Simplifying administrative systems

- Facilitate the development of standardised grant application and approval processes, including a reduction and simplification of compliance requirements.

Capacitating the SETAs as intermediaries and brokers

- DHET skills branch to put in place a process to reposition the SETA structures to play the role of brokers, addressing location, capacity and skills needs to achieve this. Key functions that need to be strengthened include: monitoring; data gathering and management; sector or industry expertise; research and research translation; project management; brokering/facilitating (of partnerships and agreements).

Data management

- A project should be initiated by the Department and NSA to systematically address the data challenges within the skills system.

Skills Planning Unit

- Work should start immediately to establish the Skills Planning Unit recommended by the LMIP. However, it is very important that the skills planning unit has the human and financial resources required for this important function.

Fit-for-purpose programmes

- The skills development strategy should focus primarily on occupational qualifications and programmes. An intervention is needed to unblock the QCTO processes and ensure that the required range of qualifications is available.
- The QCTO needs to be given the necessary resources to operate effectively as the primary QA body in the skills development arena. If this means transferring functional QA units with staff and budgets to the QCTO this should be considered. It is the normal practice in government that where a function shifts it does so with the budget and this should apply in the case of QA functions transferring to SETAs.
- The process of workplace approval should be revisited with the QCTO and industry representatives. There is a need for a flexible approach that enables smaller companies to participate.
- There is a need to put in place a specific funded strategy for trade union education and training, with long term funding arrangements that enable the required capacity to be put in place.
- That certain agreed programmes of education and training that are not qualification linked should be agreed for funding. In other words, although the rule should remain that funding goes to achieve qualifications there should be agreed exceptions; for example, there is an agreement on the importance of work readiness, yet this should not be a qualification
- Recruitment, selection and placement processes – particular in fields that have been dominated by men – should be designed in a manner that actively seeks to increase the numbers of women that are both in the programmes and that are supported to find opportunities post programmes.

Role of TVET colleges

- Detailed and costed planning should be undertaken so that realistic targets are set for occupational programmes delivered by the public TVET colleges. In the meantime, consideration should be given to establishing public private partnerships and to harnessing the capacity of employers' private providers to facilitate practical training.

Role of UoTs

- In developing the future skills strategy attention should be paid to spelling out the expected role of the private sector and of public private partnerships in the delivery of skills for the economy.

The public service

- That DHET and DPSA should put in place a review of the skills development structures, processes and funding for skill development in the public service.

Improving the efficacy of programmes

- That SETAs be required to conduct cohort analysis and tracer studies and that they explore the factors (both positive and negative) that impact on those trained in the sector finding employment. Agreement should be brokered in the sector on the programmes that are most likely to result in speedy absorption into available jobs.

SECTION 1: INTRODUCTION AND BACKGROUND

1.1 Introduction

The third National Skills Development Strategy (NSDS III) was implemented between April 2011 and March 2016 (extended to 2018, and now to 2020). It was meant to achieve "A skilled and capable workforce that shares the economic benefits of, and contributes to, an inclusive growth path" (DHET, 2011). There were eight goals designed to achieve that outcome, starting with Goal 1 – creating a reliable skills planning mechanism, through to Goal 8 relating to effective career guidance to enable people to plan their own learning and work plans to be aligned to labour market needs.

Importantly, the strategy also intended to advance seven key developmental and transformation imperatives, related to: race, class, gender, geography, age, disability and the HIV/Aids pandemic.

Coming at the end of NSDS III's implementation, this research was commissioned by the National Skills Authority (NSA) to evaluate:

- Impact on the 7 National Skills Development Strategy (NSDS III) developmental and transformation imperatives
- Implementation of the 8 NSDS goals
- Uptake of the NSDS by stakeholders (labour, business, community, providers and government)
- Rate of participation by SETAs and employers
- Rate of participation by public universities and colleges
- Rate of participation by private providers

The main research questions were:

1) To what extent is the Strategy design relevant, appropriate and technically sound?
2) To what extent has the Strategy been effective in achieving its objectives?
3) To what extent has the Strategy been effectively implemented?
4) To what extent has the Strategy been efficiently implemented?
5) To what extent will the benefits of the Strategy be sustainable?
6) What key insights, lessons, and recommendations are offered?

The scope of this evaluation was therefore broad and complex. Though the NSDS III document is less than 30 pages long, it is a strategy that directs the activities of 21 SETAs as well as the National Skills Fund and has a bearing on their governing institutions (NSA, the Department of Higher Education and Training (DHET), South African Qualifications Authority (SAQA)), provincial skills development forums, employers, trade unions, training providers and public post-school education and training institutions.

1.2 Report Outline

This report is a summary of a much longer report and it references many more papers that were produced as part of this study including: a report of 105 SETA interviews, analyses of other relevant secondary reports and evaluations, data analysis reports and case studies. These are all referenced and can be accessed via the NSA.

The report is set out as follows:

- Section 1: The introduction includes a conceptual and theoretical framework for the study and is intended to explain the place of skills development within the wider Post Education and Training system.
- Section 2: explains the methodology and rationale used in the study.
- Section 3: The Design Evaluation unpacks the Theory of Change underpinning NSDS III as well as appraising the relevance, coherence and internal logic of the strategy.
- Section 4: describes how the strategy was implemented. It begins with a review of the governance and operations management of the NSDS III. It then unpacks how skills planning was organised, the institutions for implementation and how skills development was funded.
- Section 5: sets out how programmes were implemented to achieve the NSDS III goals.
- Section 6: gauges impact on individuals, firms, the economy, the public service and on transformation
- Section 7: is the conclusion and evaluates NSDS III in terms of its relevance, effectiveness in achieving its goals, efficiency of the system and skills development and sustainability of its programmes.
- Section 8: the report concludes with recommendations.

1.3 A Conceptual and Theoretical Framework

In order to help delimit the scope of this evaluation, the conceptual framework below sets out to define the boundaries of the skills development system.

1.3.1 Legislative mandate

NSDS III gets its legal mandate from the Skills Development Act (Republic of South Africa, 1998) and amended in 2008) – and so it is meant to fill out how the broad vision of the Act will be met. The purposes of that Act (paraphrased) are:

- to develop the skills of the South African workforce and by so doing improve productivity of employers, the prospect of citizens finding work, possibilities for self-employment and the delivery of public services;
- to increase investment in education and training in the labour market and to improve the return on that investment;
- to encourage employers to provide opportunities for new entrants to the labour market and to use the workplace as a learning space;
- to encourage workers to participate in learnership and other training programmes;
- to improve the employment prospects of persons previously disadvantaged; and

- to ensure the quality of education and training in and for the workplace;[1]

The NSDS is meant to direct how skills institutions (the National Skills Authority (NSA); the National Skills Fund (NSF); Sector Education and Training Authorities (SETAs); labour centres; and the Skills Development Planning Unit (SDPU)) should spend their money, allocate human resources, and target their programmes to meet the aims of the Act.

In the Skills Development Act (SDA) there is no definition of Skills Development. Initially the SDA was the responsibility of the Department of Labour (DoL) – locating skills development firmly in the workplace and the labour market. Skills development was therefore understood as developing the skills and competencies needed for occupations in industries and services in the current and future economy.

By the time NSDS III was implemented, the skills development branch had shifted to the newly established DHET. It was therefore added under the umbrella of post-school education and training and there has been some expansion on the original labour market focus (SDA1998, then amended in 2008). For example, the challenge of the NEETs (the 3 million-plus young people that are not in any form of employment or education and training) was included as a focus area.

As a result, while the main focus remained the economy (mobilizing resources for training and facilitating improved absorption of people into jobs or self-employment), there are other policy goals that skills development is intended to support, and this creates some ambiguity.

1.3.2 Skills development and the wider PSET system

One area of slippage has been in the distinction between skills development and the broader education and training system. One example of this is treating TVET (technical and vocational education and training) the same as skills development. The same slippage sometimes occurs when University of Technology (UoT) programmes, particularly those that result in an occupational or professional qualification, fall under the category 'skills development'.

Such programmes certainly contribute to skills development, but they cannot be categorized as skills development without examining the content of programmes and in particular the role of employers and workplaces in such programmes. There is a distinct difference between an occupational or professional qualification and occupational or professional competence. This is recognized by the role that professional bodies play in designing internships or candidacy programmes that take a qualified person to the point of being recognized as being competent in their field.

Whereas the role of the education and training system is broad, and speaks to individual and societal development, skills development's primary role is to support economic and industrial growth. Whilst the purpose of Higher Education (HE), TVET and Community Colleges is wider

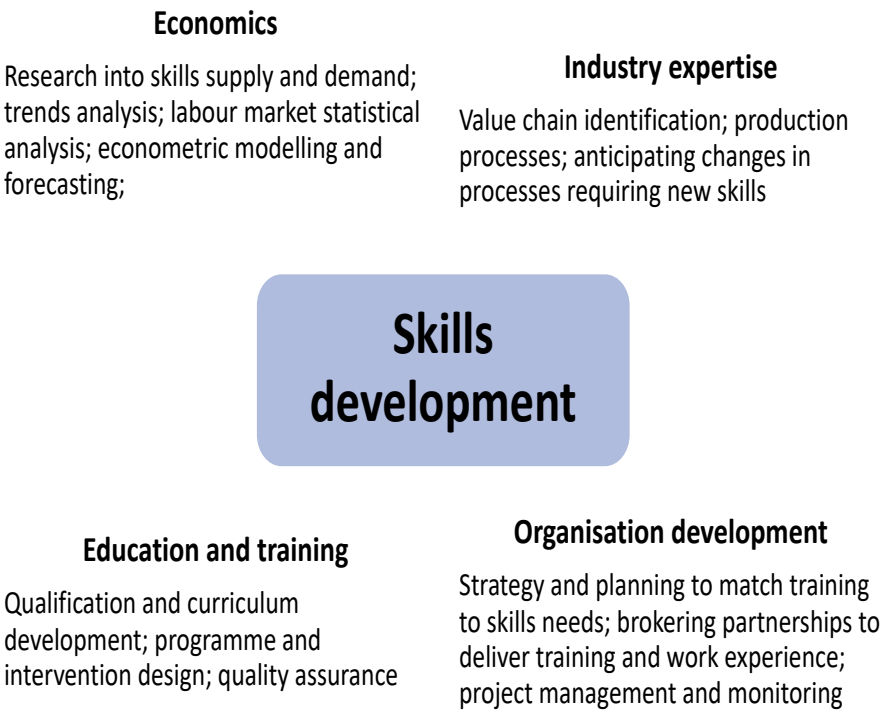
[1] Two further goals not mentioned here because they are not relevant to the NSDS were: (g) to assist work-seekers to find work; (h) to provide and regulate employment services. These functions remained with DoL when DHET was established.

than serving the needs of the economy, the skills system (including those parts of HE, TVET and Community Colleges that focus on vocational and occupational training) has as its primary focus the economy and economic development.

It is important to acknowledge that skills development is not a concept that has a clear definition globally (see Sung and Ashton (2015) and Green (2013) for coverage of the debates internationally on definitions of skills). There are many ways of understanding it. Skills and competencies include theoretical or foundational knowledge, practical or technical skills and the proven capability to do various occupational tasks in a real work situation. In other words, it is not the acquiring of a qualification (though that is generally part of the process), nor is it simply "on the job training". It is the combination of relevant education, training and work experience that enables a person to attain competence in a particular occupation.

The following figure sets out the understanding of skills development within South Africa. The important point to note is that skills development is an attempt to bring about a multi-disciplinary approach to addressing supply and demand for skills. Clearly education and training is an important component, but so too is economics, industry knowledge and strategic and operational management.

Figure 1-1: The skills system



1.3.3 Conclusion: Skills development – What is being evaluated?

Although there has been some shift in the understanding of skills development since 1998, the fundamental definition and scope has not changed substantially. For the purpose of this evaluation the focus of skills development remains the economy, and – in particular – addressing the supply and demand challenge. There are many aspects of the strategy that go

beyond the economy and speak to diverse government development goals, but the key focus remains the imperative of using skills development to achieve inclusive growth. This is affirmed in the vision of the strategy and is in line with the thinking set out in the National Development Plan (NDP) where skills are a vital pillar of economic growth.

The implication of this “lens” being used is that outputs will be examined with a focus on the world of work. For example, when examining the capacity of public TVET colleges, the evaluation will not look broadly at the amount of infrastructural capacity, or the totality of programme offerings of the colleges, but rather at those programmes that specifically address the needs of industry and the economy. Equally, when examining University provision, the focus will not be on all university programmes but on those programmes designed to meet particular occupational skills needs. The same “lens” approach applies to the public service. The approach will not be to explore all the work done by government to raise skills levels of staff through education and training but on the role of the skills development system and the impact of NSDS III within the public service. This is not to down play the role of universities in the supply of skilled people or to deny the importance of the generality of work done in public service HRD units, but rather to limit the scope and focus of the evaluation to NSDS III and how it has been engaged with and implemented during the period 2011-2016.

The implications for the evaluation are that in addition to the focus of individual outcomes and impact:

- There will be emphasis on the transformation of companies as well as the wider economic benefits obtained. This highlights the need to ask to what extent the skills needs in the present and future economy are and will be addressed?
- The examination of the PSET system more broadly will not only be with a view to evaluating the institutions, but, more importantly, will examine the extent to which they have contributed to the economy by engaging in skills development.

Thus, whilst there will be an examination of the institutional capacity in the system (what may be termed the inputs) and the outputs of the system, considerable focus will be placed on the outcomes realised within, and across, the eight strategic goals in NSDS III. The “storyline” will therefore focus on: the way in which the system for skills development has evolved and how this has informed the design of the strategy; the capacity of the institutions to plan and deliver against this strategy; the way in which implementation has been carried out; and the extent to which this has resulted in key outcomes for individuals and firms and the contribution that this has had on the ultimate goal of the strategy – namely using skills development to support the national goal of inclusive growth.

SECTION 2: METHODOLOGY

WHAT THIS SECTION COVERS

This section of the evaluation describes the methodological approach used, which was informed by a wide range of sources. It discusses two definitions of an impact evaluation, and after considering different views as well as the complexity of understanding impact in relation to NSDS III, it was decided that the focus of this impact evaluation is to understand the contribution – rather than attribution - that the design and implementation of the NSDS has had on various changes that have taken place.

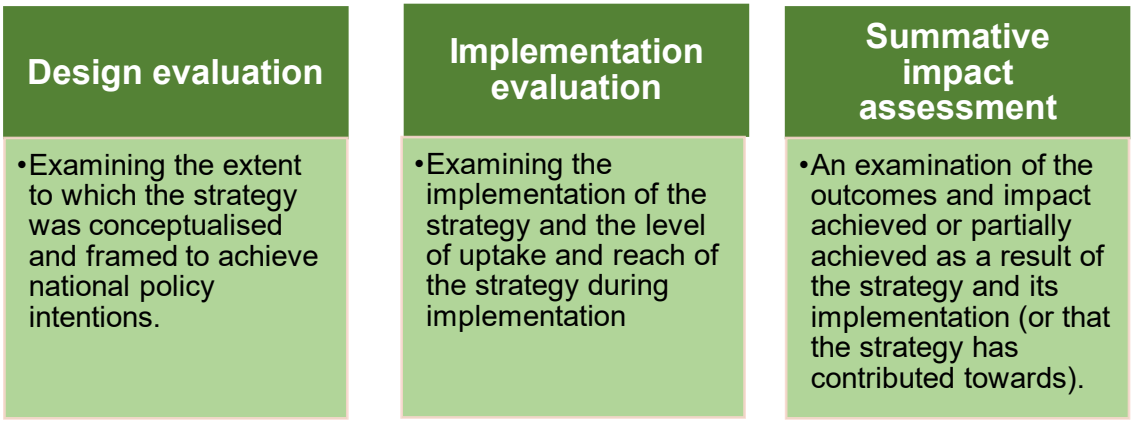
The section also discusses the research methods used and the reasons for using these methods. Methods include interviews, electronic surveys, tracer studies, case studies and stakeholder engagements. The section ends with a discussion on the limitations of the study. Risks identified early in the project is discussed as well as how it was managed.

2.1 Introduction

The main purpose of this evaluation was to measure the extent to which the goals of NSDS III were achieved as well as to gauge the impact of the strategy on transformational imperatives: race, class, gender, geography, age, disability and the HIV and Aids pandemic.

There were three main stages in the evaluation process:

Figure 1-2: Evaluation Approach



The key evaluation questions to be answered in each of these phases were:

- To what extent is the strategy design relevant, appropriate and technically sound?
- To what extent has the strategy been effectively implemented?
- To what extent has the strategy been efficiently implemented?
- To what extent has the strategy been effective in achieving its objectives?
- To what extent will the benefits of the strategy be sustainable?
- What key insights, lessons, and recommendations are offered?

2.2 Methodological Approach

The need for evidence-based policy making has led to the establishment of national monitoring and evaluation frameworks across different policy areas. South Africa's National Evaluation Policy Framework was approved on 23 November 2011 (DPME, 2016) and aims to improve

performance, accountability and decision making by providing an institutionalised performance system linked to planning and budgeting (DMPE, 2016). To achieve this, it is important that evaluations not only describe or measure impact but are also able to explain what enabled the impact to be realised (to the extent that it has) and whether there are factors that may have hindered the realisation of these results.

Impact evaluation, as a theoretical field, is highly contested both with respect to how impact is defined, and in the on-going debate about the kinds of designs that are appropriate to understanding impact (Marock and Molebatsi, 2018). The essence of this debate is captured by White (2009: 6) who points to two definitions of impact evaluation.

In the first, impact is defined as the difference in the indicator of interest (Y) with the intervention (Y1) and without the intervention (Y0) (White, 2009). That is, impact = Y1 – Y0 (e.g. Ravallion, 2008). Here the definition focuses on the counterfactual. The counterfactual relates to what would have taken place had the intervention not been implemented. This is seen as an important concept when determining attribution (what happened because of the intervention versus what would have taken place anyway) (Hearn, 2016).

White compares this definition with the tradition in evaluation where 'impact' refers to the final level of the causal chain (or log frame); phrased differently, this approach focuses on short or intermediate level outcomes and defines impact as the long-term effects. Hearn notes these long-term effects may be "intended, unintended, positive, negative, direct or indirect". Moreover, those effects may be in terms of technical, socio-cultural, institutional and environmental factors (OECD, 1992).[2]

When considering these views, the research team recognised the "complexity of the NSDS" (Barnes et al (2003, 2004[3]) in that it has multiple aims, that it seeks change across sectors of the economy and at different spheres (national, provincial and local) and as a result of different interventions. Furthermore, the NSDS needs to secure horizontal and vertical partnerships with multiple stakeholders with different perspectives. Understanding the NSDS's impact is therefore complex because of the size of the strategy and that the intention of the strategy is to realize long-term change while at the same time meeting short-term changes (Rogers, 2008). These changes are not linear and "a small initial effect may lead to a large ultimate effect through a reinforcing loop or critical tipping point." This carries with it the implication that the NSDS will have different theories of change within a larger overarching theory of change.

Reflecting on these debates and their implications for evaluating the impact of NSDS led to the conclusion that the nature of the strategy (in terms of complexity), the purpose of the

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[2] There are in-between these two definitional polarities other types of impact evaluations (Hearn). These include: a definition that focuses on results chains, which use a sequential process diagram to illustrate the progression of levels of results from inputs to activities, to outputs, then outcomes, and finally to impact (UNDG 2011); a definition that considers environmental sustainability use that has as its focus the extent to which programmes meet the Sustainable Development Goals; and, the colloquial use which refers to "the general effect of an action2."

[3] Note that this s a particular definition of complexity as a way of understanding programmes and is not used as a synonym for complicated or difficult.

evaluation (learning and accountability) and the way in which it will be utilised (by different stakeholders and partners) requires a broad understanding of impact.

The focus of this impact evaluation is, therefore, to understand the contribution – rather than attribution - that the design and implementation of the NSDS has had on various changes that have taken place. Thus, we focused on understanding the programme impact as a pathway, which has various causal links in a chain of implementation (George and McKeown, 1985, Collier 2011). This was seen as critical as it creates a mechanism that is focused on taking "the step from asking whether a programme works to understanding what it is about the programme that makes it work" (Pawson and Tilley 1997:66; Rogers, p.32).

Using this approach, the team noted that a non-experimental design is required to understand the impact of NSDS III. Numerous authors (Ravallion, 2009; Deaton, 2010; Patton, 2011; Pawson and Tilly, 1997, etc.) reinforce this view and suggest that such an approach is particularly relevant when it is not possible to create a credible counterfactual—for example when a programme is universal, or when it is aimed at changing a system rather than individual people or organisations. This approach has been promoted in international development to address challenges of evaluating programmes and policies that explicitly work at the system level or in conjunction with other programmes and policies.

This is supported by Bredgaard (2015) who argues for contextual and qualitative data and information as well as more sophisticated evaluation techniques to answer questions in complex programmes[4]. The emphasis is on the application of a range of methodological procedures that are drawn from across traditions and are implemented with awareness of context against "guidelines" that are followed intelligently, with sensitivity, in ways that support quality research (Seale, 1999).

2.3 Methods used and rationale

This framing underpins the rationale for using a range of evaluative activities in the study of NSDS III including a design evaluation, an analysis of the data to develop an implementation report, a meta-review of the programme evaluations, tracer studies, case studies on good practices, as well as performance reviews of the key institutions. The methods used are described in detail below.

2.3.1 Interviews

During the first half of 2017, interviews were conducted as an input into the design evaluation. Interviewees included those involved with the writing of the strategy as well as those who, while not directly engaged, were within the inner-circles of skills development institutions. Thirty-three interviews were conducted. Although these were conducted as part of the design evaluation phase, care was taken to ask questions related to implementation and impact and explore the relationships that had been created in the implementation of the strategy. In some cases, the interviewees were contacted several times more during the study so as to revisit certain understandings of the strategy and the direction it had taken in the implementation.

[4] Bredgaard Thoman, Evaluating What Works for Whom in Active Labour Market Policies, European Journal of Social Security, Volume 17 (2015), No. 4her

Interviews were then commenced for the implementation evaluation. One hundred and five interviews were conducted with CEOs and managers of all the SETAs, and a report has been produced on these. The report is not an attempt to objectively assess the work of the SETAs, nor is it intended to accept the perspective of the SETAs and give them more weight than other role players. The intention was to recognise the critical role of the SETAs in the implementation of the strategy and to document the understanding that SETAs had of their roles and responsibilities.

As a second phase, interviews were conducted with those involved at a general level with the implementation of NSDS III, and included stakeholders from DHET, Quality Councils (QCs), Organised Labour and the Nedlac community constituency, provincial skills development forums (PSDFs), relevant Government Departments, public and private education and training providers and other key stakeholders. Some 60 interviews were conducted using a broad interview instrument. In addition, some 120 engagements with shop stewards and trade union officials were conducted, sometimes in the form of an interview and sometimes using a survey instrument which was completed with the assistance of a researcher. Interviews were also conducted with Ditsela (national and in the Western Cape). Ditsela is the leading Labour Services Organisation (LSO) in the country, though its constituency has been impacted by recent realignments in the trade unions.

In addition, there have been a number of focus groups and ad hoc discussions arranged with private providers, trade unions and some groups of managers within the DHET and other departments. These have been valuable in obtaining a group perspective on NSDS III implementation.

2.3.2 Electronic survey

The key role-players in skills development are the employers. It was felt that a survey of employers was needed to establish the nature of employer engagement and the views and concerns of employers derived from their experience of implementing programmes resulting from NSDS III.

A representative sample was drawn from the employers participating in the skills development system. A disproportionate stratified random sampling technique was applied to select the respondents. This was important to ensure that smaller industry groups were adequately represented so that it was possible to analyse and identify the key survey drivers in each sample group. The strata was governed by the available database information. Although over 300 000 employers appear on the records of SETAs as being “member organisations” - levy and non-levy paying companies - only 23 000 have claimed grants during the period 2011-2017. Ultimately an employer sample of 9000 of the 23 000 employers who participated in skills development were sent the survey and 2000 responded – just under 9% of employers who claimed grants. The response was analysed for representivity in relation to sectors, provincial spread and size of company and was deemed to be representative. A quarter of the respondents were from small enterprises (under 50 employees), and a quarter were from micro enterprises (under 10 employees). A further test was conducted to check whether the responses for small and micro enterprises differed substantially from those of the survey as a whole and they did not show substantial difference. The survey is therefore an important source of data on implementation and impact.

Advanced statistical techniques were applied during analysis of the data. Both descriptive and inferential statistical and data driven analysis techniques were used. Univariate analysis (e.g. distribution, central tendency and dispersion) was undertaken to summarise and describe the data in a meaningful way. The focus was on the demographic profile of participants and their employment status across demographics (gender, race groups). The analysis was complemented by inferential statistics (correlation techniques) to draw conclusions on the association between different variables relating to the evaluation questions.

2.3.3 Tracer study of learners

Tracer studies were critical as a way to understand the longer-term impact of skills development on individuals. Tracer studies help to ascertain the relevance and quality of the programme (based on participants perceptions of this) as well as the extent to which it enabled them to access employment or self-employment.

As a first step, a meta review was undertaken of tracer studies that had already been conducted by SETAs over the NSDS III period. This report has contributed to our understanding of the impact of the skills development work in those sectors where this evaluation work had been undertaken (Singizi Consulting, 2018b).

Sectors where no tracer studies had been done were then identified for primary data collection. These were: AgriSETA; Bankseta; Ceta; Chieta; EWSETA; FoodBevSETA; MQA; PSETA; SASSETA; and, the W&RSETA.

From a database of 376 490 learners who had enrolled in training programmes funded by these 10 SETAs between 2003 and 2010, a cleaned contact list of 55 813 respondents was compiled (15%). Contact details had to be collected from SETAs or providers directly as there was no central database of learners. This resulted in a skewed data set with considerably more numbers from some SETAs than others. This had to be managed in order to ensure that we still maintained a representative sample. Once the data was collected the team then undertook a data cleaning process, which involved removing errors and duplicate numbers (switchboards). Respondents were then contacted via telephonic interview or by email, in three iterations of the interview phase. A stratified (per SETA) random selection of respondents was used. Selection was done using the last three phone number digits, to avoid bias in terms of cell provider or geographic location. Interviewers were given lists that included all SETAs and all provinces, to avoid interviewer bias.

Although only 7% of the contact list was interviewed, this amounted to 3 685 respondents who did 4 105 training courses. Taken overall, therefore, the data set comprises a 1% random sub-sample of the 376 490 participants in the SETA courses. The vast majority of the respondents were African female (44%) and African male (41%). Coloured respondents comprised just under 9% of the sample, again, with a slightly higher proportion of women enrolled.

Critically, the team analysed the data to understand the extent to which unemployed individuals' access and retain employment (one level of impact) and the extent to which individuals who are employed and those who were already employed are able to apply their skills and achieve mobility (second level of impact). It also sought to understand the perceptions of these programmes and the factors that enable or hinder learners' progression through and post the programmes (Singizi Consulting, 2018c)

In addition to the SETA tracer, there was a tracer study conducted with NSF funded learners (Singizi Consulting, 2018a). There was also no database of learners available for this study and the team called providers to secure contact lists of learners. Not all providers were willing, or able, to provide such a list. This affected the extent to which the team could secure the views of learners from across all programmes. Ultimately a total of 1 483 respondents were interviewed as part of this study. These learners had undertaken a total of 1 628 learning programmes. Of the respondents, 93% were African, 59% were female and 54% were African female

2.3.4 Case studies

One of the difficulties with a summative evaluation of this nature was to drill down into the details that help explain causal relationships that exist between the changes that have occurred, and outputs and outcomes achieved and the skills development system and strategy. Case studies were a way to provide nuance and localised contextual data that explains how and why skills development takes place. They may also provide deep insight into how a particular set of activities or programmes have been implemented and the factors that influence whether the intended outputs and outcomes were achieved or not (Yin RK, 2006).

More than 30 case studies were researched and developed (and between 90 and 100 interviews conducted as part of the case study research). Some of the case studies are comprehensive research projects into specific research questions (such as to what extent has the artisan programme succeeded in achieving NSDSIII outputs and outcomes?) Some are focused desk research papers that provide empirical data on an aspect of NSDS implementation (for example one on career development). Others are shorter “vignettes” that provide an example of, or insight into, a particular aspect of implementation (for example an RPL programme or a skills centre that was established between 2011 and 2016). Themes that emerged during the desk research and design phase were explored both in the gathering and analysis of data, the employer survey and tracer studies, interviews and the case studies. As a result, there is a substantial amount of triangulation achieved.

2.3.5 Participative approach

The skills development system that was brought into being in 1998 is characterised by its embedded stakeholder structures and processes. Skills development strategy is determined by stakeholders at national level. Implementation is shaped by stakeholders in sector-based SETAs. Provincial stakeholder forums impact on implementation in the nine provinces, and accountability and oversight is exercised by stakeholder structures. Historically it has been difficult to achieve reforms in the skills system without the agreement and active involvement of stakeholders. It was the express view of the National Skills Authority that stakeholders should be involved at each stage of the evaluation. The evaluation team welcomed this approach and has facilitated a series of stakeholder engagements, first in the preparatory phases when a Theory of Change was developed and methods discussed for the evaluation, then in the presentation and interpretation of data, and then in the presentation of case studies. Finally, the “storyline” and the findings of the evaluation in relation to the unfolding story were presented to stakeholders for comment.

The participative methodology has resulted in a good deal of consensus on much of the analysis, and the differing interpretations and responses to the analysis have helped shape

the overall evaluation report. “Involving stakeholders in the process of an evaluation can lead to better data, better understanding of the data, more appropriate recommendations, [and] better uptake of findings" (Gujit 2014, p.2). This is seen as vital to the imperative that the evaluation is utilised and makes a contribution to evidence-based decision making with respect to the next phase of the National Skills Development Strategy.

2.4 Limitations

A number of risks were identified early in the project and have been managed to a great extent.

2.4.1 Quality of Data

There was a general awareness of the challenge of data. The HSRC evaluation of NSDS II had highlighted the poor quality and management of data within the skills system as a major limitation. It was anticipated that similar challenges would confront this evaluation. Concerted efforts were made by the NSA, the evaluation team and the Department sector liaison managers and considerable progress was made. Nevertheless, there were gaps in data that were only identified when the data cleaning and organising process preceding analysis was underway. For example, the evaluation team was not given NSF data on beneficiaries of NSF spending. Reliance on secondary sources such as Annual Reports is not ideal as the evaluation team cannot confirm the data contained in them. Also, there were aspects of the QMR data that were problematic, including inadequate documenting of race, gender, provincial location of training, occupational location of training and NQF levels. Problems related to inconsistency of terms, gaps in data provided and, in some cases, wrong information. (For example, one SETA’s data showed that 11% of their learners were people with disabilities, something that was so outside the norm that it could only be achieved by inaccurate completion of the QMR). Detailed recommendations are included in this report to address some of the data challenges encountered.

It is noted that there were questions about the credibility of the administrative data that was provided. This meant that additional time had to be spent cleaning up data sets before they could be analysed. In many cases there was in fact no data available (for example with respect to learner details). This has meant that in some cases the data is skewed – for example the tracer study had to rely on a convenience sample as SETAs and the NSF did not keep learner data and so we could only contact those learners that we could access.

2.4.2 Access to Data

A second limitation relates to access to data and the nature of this data. From the early stages of the evaluation the POPI (protection of personal information) Act became a barrier to accessing basic data on learners. ID numbers needed for cohort analysis and learner contract details needed for tracer studies were not available as they had not been collected or they were withheld because of concerns over breaching the new legislation. The research team were not given access to Indlela artisan data. Again, it was not possible to verify the data or to adequately explain the discrepancies between the SETA QMR data and that provided by Indlela and the NSF. Again, recommendations are made to overcome these challenges.

2.4.3 Scope and scale of the evaluation

The final limitation relates to the scope of the project. The budget for this project was generous. It was a well-resourced evaluation. However, the scale and scope of skills development is very

great. R63 billion rand was collected and spent by the skills development institutions between 2011 and 2016. The influence of the skills structures goes beyond directly funded programmes and member employers. It is intended to influence how the ring-fenced public sector 1% is spent. The skills agenda touches on the entire public service, the whole economy and industrial strategy across all economic sectors, as well as community and rural development, where every municipality and provincial department as well as local DoL offices play a role. It is also intended that supply and demand data provided by the skills system influences PSET planning more broadly. This is a huge arena for research.

Measuring impact in relation to such a wide remit is not achievable without huge resources being devoted to the challenge. The study had to manage scope and focus specifically on how the strategy has been implemented and experienced by the different target groups. So, for example the evaluation has not studied the entirety of the TVET system at Further Education and Higher Education levels, but rather on the interface between the skills strategy and system and TVET institutions. Likewise, it has not focused on public service HRD as a whole, but rather on how the skills strategy was implemented in the public service. There are aspects of public policy that have been touched on that are wider than the scope of the evaluation, but it is not intended that this evaluation will make significant contribution to policy debates outside of the nexus between the PSET system and the skills system.

SECTION 3: DESIGN EVALUATION

WHAT THIS SECTION COVERS

This section of the evaluation starts with a discussion on what NSDS III wanted to change. It gives a brief background on how NSDS III came into effect, following NSDS II, specifically stating what some of the unintended shortfalls were of NSDS II. The section states what the major changes were in terms of skills development, brought about by the shift from NSDS II to NSDS III.

Furthermore, the section discusses whether NSDS III was based on sound policy analysis. Available evidence was reconstructed to determine whether there was backing for each of the NSDS III goals at the time of development. The last aspect covered in this section is determining whether the design of the strategy was conceptually clear and coherent. It specifically looks at concepts that has several alternative interpretations which ultimately created uncertainty in the system. This section draws from literature review and qualitative interviews with policy makers

3.1 Introduction

The design evaluation is concerned with whether there were any evident risks in the blueprint of the third National Skills Development Strategy. It asks the question: to what extent was the strategy design relevant, coherent and technically sound? These three themes provide the touch-stone for judging whether the strategy could be confidently implemented and whether it would be realistic to expect it to achieve its intended results.

A strategy that is relevant must be able to explain what challenges it is responding to. It answers the following questions (adapted from the Guidelines issued by the Department of Planning, Monitoring and Evaluation to evaluate policy design):

- Is there a clear purpose to the strategy?
- Is there a thorough diagnostic analysis of the status quo?
- Have different options (for addressing the targeted challenges) been properly considered?
- Is the target group(s) clearly identified and how they can be defined?

A coherent strategy is one which logically ties together goals, outcomes and outputs and responds to the question: Is there a strong theory of change? A technically sound strategy must be able to answer:

- Is there a good log frame?
- Is implementation properly planned?

This section collates the critiques of the design of NSDS III from the stakeholder interviews and literature review. The literature review is focussed on the strategic, legislative and policy context within which the strategy was being designed. Interviews included those involved with the writing of the strategy as well as those who, while not directly engaged, were within the inner-circles of skills development institutions. Their critiques do of course have the benefit of hindsight. The answers of interviewees are limited in their reliance on their memory of events of more than seven years ago. Moreover, their views are diagnostic of NSDS III's faults and strengths in a way that the designers of the strategy could not have foreseen. What the policy makers had at their disposal, at the time the strategy was being developed, were various interpretations of contemporary conditions in industry and in education and training. They also had past experience of NSDS I and II, as well as other skills strategies, to draw lessons from.

This section begins with the Theory of Change that underpinned NSDS III. NSDS III was developed in 2010/11 and at the time there was no explicit Theory of Change (ToC) developed for the strategy. It has been necessary, therefore, for this study to reconstruct the ideas that underpinned the strategy's assumptions on what needed to change, what had to be in place to set those changes in motion and the context that would explain why it was thought those mechanisms would succeed. This retrospective view attempts to set out as clearly as possible what policy makers had in mind when developing the strategy. The intention, therefore, is to make explicit the "causal pathways through which change happens" (Breuer et al 2016).

3.2 What did NSDS want to change?

NSDS III was planned and launched just after ruptures in the political and economic context. A new political administration had been ushered in, in 2009, under the leadership of President Jacob Zuma which had revised election promises at its elective congress held in Polokwane (16-20 December 2007). Policy shifts were, therefore, anticipated. But to what extent did NSDSIII signal a fundamental change?

In the period prior to the adoption of NSDS III - during the period 2006-2010 - there had been concerns raised that skills development was not serving the needs of the economy adequately. Skills development had become a market that was divorced from national government development plans. Public Education and Training institutions (in particular public TVET colleges) had become de-linked from skills development, with few programmes funded by SETAs and the NSF being delivered by the colleges.

Moreover, NSDS II was hampered by mounting criticism of SETAs. Concerns were raised over the capacity of SETAs to forecast scarcity of skills, to develop credible sector plans and to meet targets. There were also instances of maladministration and corruption. According to Singizi (2007) and Nedlac (2007) these were a minority of SETAs – 7 of the 25 – but the problem was big enough to call into question the governance of the skills system and in particular accountability for funds being disbursed by the SETAs. This created an environment where there was a major focus on requiring SETAs to adhere to strict bureaucratic processes. As a result of the increasing bureaucracy involved in obtaining support from SETAs, it was reported that many employers were writing off their levies as a tax and not applying for training grants.

Moreover, while SETAs generally paid grants directly to employers, most employers contracted private providers to do the funded training and very often SETA discretionary funds were allocated to training providers based on proposals developed in processes very similar to tenders. An unintentional result was the growth of a massive private market in skills development, described by one senior official as being completely divorced from the intentions of the SDA and national development priorities and plans. Senior officials engaged in reviewing the strategy were also concerned that the private market operated in a manner that by-passed the public education and training system and so the potential impact of skills development was reduced. While NSDS II was intended to be demand-driven, in practise it fed a supply-driven system of private provision.

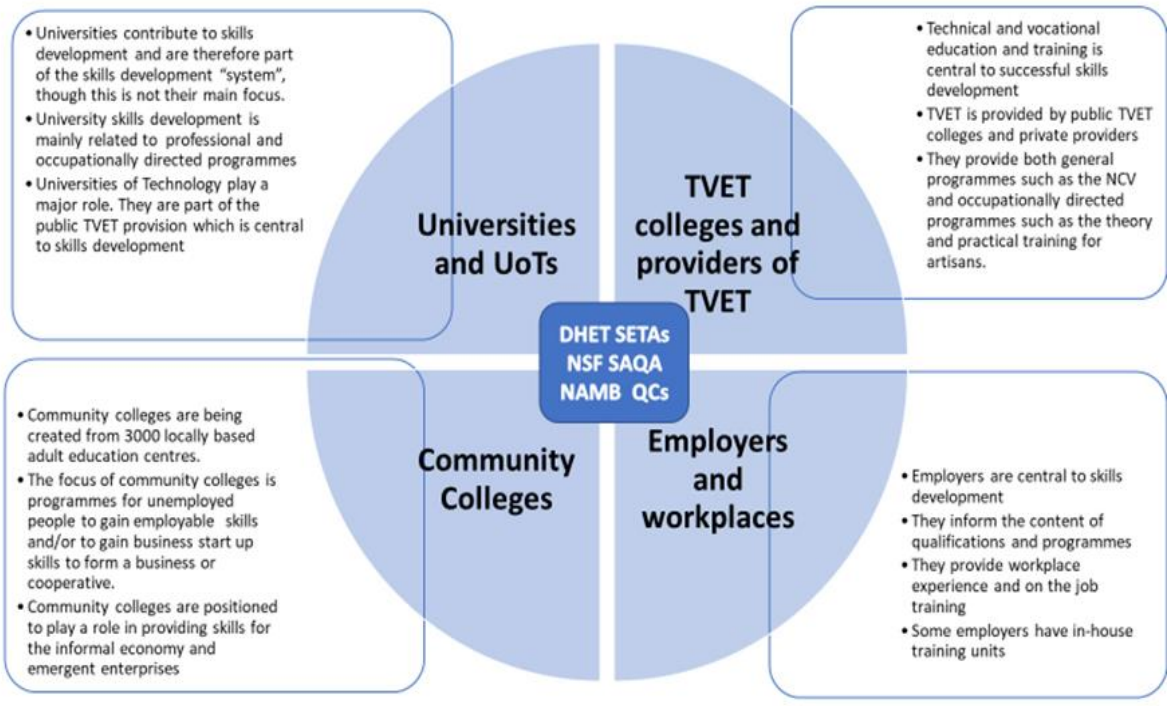
These became central challenges for NSDS III to solve.

First, NSDS III put a spotlight on the need to develop skills for the developmental state. That followed from the ANC's Polokwane Statement which pledged a commitment to a more interventionist state, that would take the lead in industrial policy and support "labour-intensive production sectors and encourage activities that have high employment effects" (2009, p. 7).

The second major shake-up in terms of skills was an administrative change with the skills branch moving from the Department of Labour (DoL) to the newly established Department of Higher Education and Training (DHET). The new department brought together the entire post-school system under a single governance umbrella. Work-based training and the levy-grant system, which had previously been administered under the DoL and was therefore driven by an agenda closely linked to industry, would now be more closely co-ordinated with education institutions. Education, traditionally more at home with classroom-based theory, would need to work with a training system that had been more practically, workplace based.

One of the key assumptions underpinning NSDSIII was that it would function as a document binding education to skills. The following figure depicts the skills system and its different elements, as understood by policy-makers in 2011. At the centre, in a coordinating role, there is the Department and its entities (SETAs, SAQA, QCs, NAMB, NSF). Their role is not simply to regulate, but to actively intervene to bring the various role-players together to deliver the strategy.

Figure 1-3: Depiction of the skills PSET interface



A third significant shift was a focus on public education and training institutions (and particularly TVET colleges). Earlier skills strategies had relied on employers to use mandatory and discretionary grants to upskill workers and the largest proportion of the available funds (calculated at around 95%) was spent on private training providers.

The shift to working more closely with public education institutions to address skills development was a significant change for three reasons:

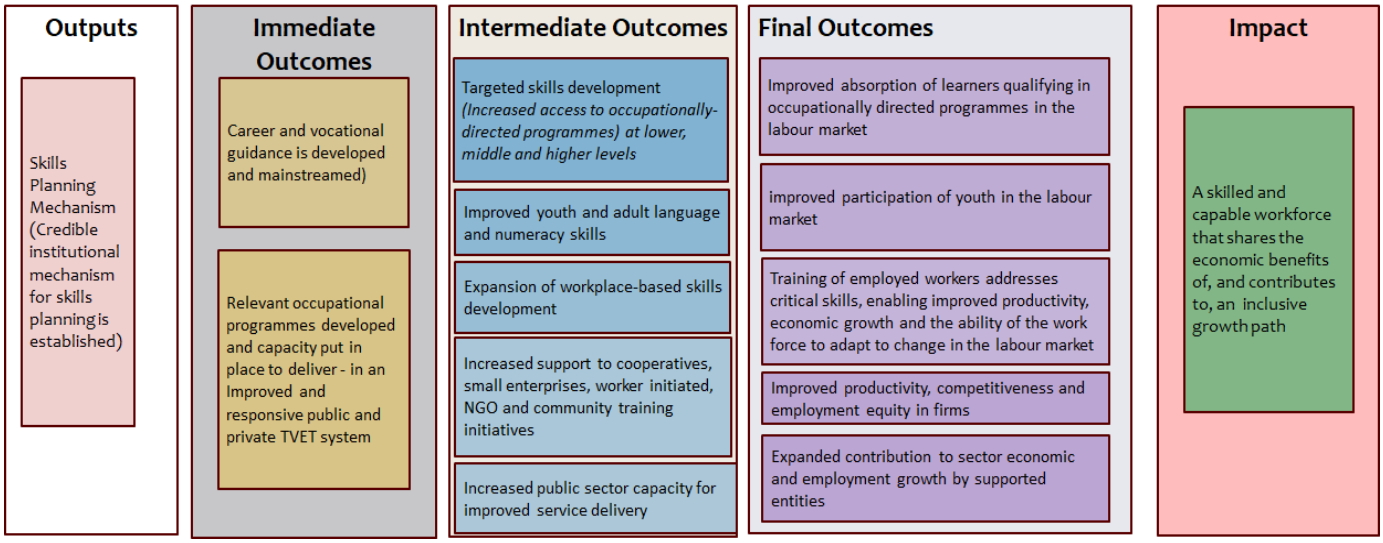
- First, it signalled a need to strengthen the public institutions for skills development. It was acknowledged that the public TVET colleges had, to a great extent, lost the linkages that they had with industry and had grown apart from employers. They needed to be strengthened if employer confidence was to be restored.
- Second, the emphasis on public provision implies a distancing from private-sector provision. It was not so much "anti-private provision" that drove the new strategy but rather the lack of public policy driving skills development and the near absence of public sector participation. There had to be a rupture with past practice and a signal that this must change. In the words of the first DG of DHET: "a huge market was created that was removed from, and unconnected to, government's development agenda".
- Third, the thinking in 2011 was that skills development needed to become more closely linked to government industrial and development goals and delivered in collaboration with (not in competition with) the public education and training institutions. A new, or at least realigned skills "system" was envisaged, that would be an important part of the developmental state – this being a state which works actively with industry to drive an inclusive growth agenda.

In sum, NSDS III was propelled to make changes rooted in the idea that there ought to be greater state intervention in skills development and that one way to do this would be to integrate skills into a post-school education system that was principally governed through public institutions. The shift of the skills development branch from DoL to DHET was accompanied by a shift in thinking. There was a concerted attempt to align skills development to economic and development goals and to achieve greater levels of collaboration across the PSET system in order to increase impact.

Interviewees, however, indicated that the strategy never fully detailed its Theory of Change. It did set out strategic goals, each with strategic outcomes and for each outcome a number of outputs were listed. It therefore signalled the chain of events that would deliver on mandates – how a range of outputs would lead to various outcomes and eventually lead to wider impact. But it lacked clear allocation of responsibility, defined policy implementation levers and the activities normally associated with a TOC were largely absent. There was no implementation plan or road map. That meant the strategy could be interpreted in any number of ways. As one interviewee declared: "It is a shopping list. That is all", another calls it a "wish-list". Policy makers certainly did not intend it as such – they had clear ideas as to how the strategy would address some key challenges. But the absence of an explicit TOC and implementation plan allowed for that perception.

The figure below demonstrates how a high-level Theory of Change might have been constructed. It shows a logical sequence from outputs to outcomes to impact, clustering the goals in series.

Figure 1-4: High-level Theory of change



3.3 Was the strategy based on sound policy analysis?

Many of those with institutional memory of the time, do not recall specific research commissioned for the strategy. Neither does the strategy document itself reference research that may have informed it. The document does say that it builds on lessons learnt from NSDS I & II but eschews any examples. There were reviews that those engaged in the development of NSDS III refer to. There was the Singizi report of 2007, the Nedlac review of SETA functioning and performance in 2007, an OECD study (2008) of policy in education broadly that made extensive suggestions in relation to both TVET and skills development, the JIPSA close out report in 2010 (JIPSA, 2010) and the report of an expert panel appointed by the HRD Council on the quality of SETA plans (2009/10). None of these, however, was commissioned for the purpose of developing NSDS III, nor for establishing a baseline in terms of what had been achieved from 2000-2010.

There was a Ministerial Task Team appointed to report on NSDS II implementation and the HSRC conducted an evaluation of NSDS II. Although the reports were not completed in time to influence NSDS III, there were some findings that the policy makers would have been aware of. However, the real impact of these two reviews was to some extent lost because of timing. These reports impacted more on implementation than they did on the design of the strategy.

We are left, therefore, to infer NSDS III's diagnostic analysis from a study of the text and what it says on its purpose and goals. We can reconstruct what evidence was available at the time to see whether there was backing for its goals.

3.3.1 Goal 1: The institutional mechanism

The strategy argues that there is "no institutional mechanism that provides credible information and analysis with regard to the supply and demand for skills" (DHET, n/d, p. 11). Although SETAs were recognised to be playing an important role, the issue raised is that no "standardised framework" existed for gathering data on skills shortages.

This picks up on a concern raised in the Medium-Term Strategic Framework which has as Outcome 5: A skilled and capable workforce to support an inclusive growth path. The first Delivery Agreement for Outcome 5 is for the Minister of Higher Education and Training along with other government ministers to "Establish a credible institutional mechanism for skills planning".

Research at the time of NSDS III planning does suggest that this was a valid concern. The Singizi Report, for example, raises a concern that in their WSPs, employers recount achievement against plans, rather than reflecting on real needs (Singizi Consulting, 2007). The expert panel appointed by the HRD Council advised that most of the SETA SSPs were not of a good standard. Skills planning and research was clearly in a poor shape and needed urgent attention.

3.3.2 Goal 2: Lower and medium level skills

Goal 2 states that: "South Africa's pool of intermediate skills, especially artisanal skills, is too low to support national and sector development and growth" (DHET, n/d, p. 10). In addition, access and throughput in higher education (professional qualifications) is also argued to be insufficient to meet demand in a knowledge economy.

The argument that artisan skills were in short supply was a widespread one in South Africa during the 2000s. The Joint Initiative on Priority Skills Acquisition (JIPSA) had identified the shortage of skilled and experienced artisans as a critical constraint to economic growth. One of JIPSA's tasks was to find the critical blockages within the system hindering artisan development and training and then to fast-track their training (The Presidency Republic of South Africa, 2008, p. 46). JIPSA itself was a tacit (or perhaps explicit) acknowledgement that the skills strategy had lost its focus on the priority trades and occupations needed for economic growth. The Dinokeng Scenarios also pointed to skills scarcity as a major constraint on growth, with an estimated shortage 300,000 skilled workers in 2007 (Dinokeng Scenario Team, 2009 p. 23).

There had also been criticism that employers had placed too much focus on lower-end learnerships during NSDS I and II and that government had pushed to train large numbers of unemployed youth largely at NQF levels 1-3 (Grawitszky, 2007).

Very few people would therefore contest that intermediate skills were a problem, or the need to address this weakness as a matter of priority.

3.3.3 Goal 3: Role of TVET colleges

Goal 3 makes the diagnosis that TVET colleges need to expand and improve their quality of training provision, and that their role in the provision of middle level skills should be expanded. On this goal, the strategy itself notes that research is weak.

Nevertheless, indicators were pointing to a critical need to build capacity in this sector. At the time NSDS III was being written, criticism of the TVET colleges included that they primarily offered theoretical learning (OECD, 2008) and that the lecturers lacked the occupational skills needed to train people practically.

There can be little doubt that the public colleges did need to be improved and made more relevant to industry needs, and that a more collaborative relationship was needed between

the colleges and industry, which the SETAs were well placed to contribute to. Various reports point to the complexity and extent of the challenges. However, these were not explored in the NSDS III document. The commitments seem overly ambitious for a five-year strategy, and this is probably due to the lack of detailed research underpinning this particular goal. It is very difficult to understand from the strategy the timeframes envisaged or the mechanisms for achieving the different outputs and outcomes. Because of this, it is not surprising that this became one of the most complex and contested of the NSDS III goals.

3.3.4 Goal 4: Youth

Goal 4 turns to the predicament faced by youth Not in Employment, Education or Training (NEETs). The strategy notes that: "A high proportion of young people who exit school before completing a senior secondary qualification stand little chance of participating productively in the economy" (DHET, n/d, p. 17). Although statistics are given on the size of the NEET population, there is no analysis on why the numbers are so high and only the inference that opportunities are closed to them because they lack skills. This view has been contested in that it is the state of the economy and the lack of inclusive growth that is at the root of youth unemployment. Those stakeholders who accept the notion that lack of skills is an inhibiting factor in youth unemployment also point to the poor foundational education that they have when leaving school. They argue that it is very difficult, if not impossible for the skills strategy and system to address this problem.

This is perhaps one of the least evidence-based discussions and one of the most critical in relation to strategy. The question "is it possible for a skills system to address the problem of youth unemployment?" (particularly when it was established to address the skills needs of workers and new entrants to employment) was left unanswered in the development of NSDS III. The implied answer is that it can and should be addressed. The problem is that (similarly to Goal 3) the challenge is so extensive (over 3 million young people and growing) that the skills strategy cannot possibly address it in full. The precise role of the skills system, and its relation to other institutions engaged in addressing the challenge, remains unclear.

3.3.5 Goal 5: The economy

Goal 5 contends that: "South Africa is challenged by low productivity in the workplace, as well as slow transformation of the labour market and a lack of mobility of the workforce (DHET, n/d, p. 18). Those assessments can be upheld by contemporary statistics. Much less clear is the argument that this is "largely as a result of inadequate training for those already in the labour market" (DHET, n/d, p. 18). There would appear to be very limited research into the skills levels of existing workers, and the suitability of skills to enable workers to adapt to change and achieve career progression. Given that one of the core intentions of the SDA is the expansion of skills development of workers and improving productivity and return on investment in skills, it seems that more research was needed to clarify the approach to the training and upskilling of employed workers.

3.3.6 Goal 6: SMMEs

Goal 6 also maintains that lack of skills acts as a "key constraint" to the sustainability and growth of small enterprises and cooperatives. Research at the time suggested that there were a range of challenges faced by small businesses, including inability to access finance, premises and machinery, crime, high interest rates, lack of access to markets, certain aspects

of labour legislation, as well as both hard (production) skills, business skills and "soft" skills related for problem solving and communications (Olawale & Garwe, 2010).

So, this goal was based on an analysis that was broadly shared. Few would dispute the need for skills training in small enterprises, or the difficulties that SMMEs faced in accessing training.

3.3.7 Goal 7: The capable and developmental state

Goal 7 commits to increasing the capacity of the public sector as a way to improve service delivery and build a developmental state. This goal judges service delivery as "often far from the quality that is needed" (DHET, n/d, p. 21) and holds that "there is unanimous agreement" that skills gaps in the public sector is one of the reasons for this.

The Strategic Framework for Human Resource Development for the Public Service: Vision 2015, acknowledges that "capacity development in the Public Service has only just begun to make in-roads on performance and service delivery" (DPSA, n/d, p. 39). A review conducted at the end of 2006 suggests a number of reasons for this, including that HRD units were generally under-staffed; HRD operations and finance were fragmented; and, the framework of responsibilities in HRD was diverse and sometimes unclear and incoherent. Quality of training was also said to be variable. In addition, while more funds were generally available for training, these were not fully used or not effectively used.

3.3.8 Goal 8: Career development

Goal 8, notes a lack of career and vocational guidance for youth, particularly at a school level. Research commissioned by SAQA confirms this assessment. It notes that "beyond Life Orientation teachers and community outreach services, there is practically no infrastructure for careers development assistance to most people. The key voids in information and guidance provision are: lack of coordination; no comprehensive, national, independent, good quality, publicly available information; no national strategic policy leadership in the field; no models for systemic Careers Guidance delivery; paltry funding to outreach organisations; and no public recognition that support and accessibility are intertwined" (Flederman, 2009, p. 25).

3.3.9 Conclusion

In sum, the status quo at the time of the strategy's design is drawn in broad brushstrokes. For example, under the section on the purpose of NSDS III, "pressing challenges" are described as "inadequate skills levels and poor work readiness of many young people leaving formal secondary and tertiary education and entering the labour market for the first time" (DHET, n/d, p. 6). The strategy does not alert the reader to any data, so it is unclear whether that conclusion applies across all sectors. There is also no baseline from which to judge targets and improvements.

In its defence, NSDS III is a political document and not a research report. It takes as its starting point that the analysis of the status quo is generally accepted as stated. But without a research bibliography, the consensus amongst interviewees seems to be that there was inadequate evidence gathered through research as a basis for the strategy. Even those most closely involved in the development of NSDS III accept this weakness, explaining it by reference to the fact that more attention was spent on creating a new department and managing the transition of skills to the new department, than to researching for strategy post 2010.

As a result, many respondents in the stakeholder's interviews did not believe the strategy was sufficiently needs-driven. As one interviewee points out, targets were based on national policy imperatives but without consideration of the impact of the financial crisis of 2008 and the ensuing economic recession or analysis of the markets and the various pressures on companies and on their approach to skills development.

3.4 Is the design of the strategy conceptually clear and coherent?

NSDS III often opens itself to several alternative interpretations. Some examples follow:

3.4.1 Development broadly or the economy?

The strategy has both developmental and economic goals – promising to respond "to the needs of the labour market and social equity" (DHET, n/d, p. 6). Although these aims are not necessarily in tension, there may be instances where a trade-off has to be made between choosing skills that have economic rewards, and skills that meet developmental rewards. This is an important set of choices that were not made in NSDS III, and which have caused some uncertainty in the system.

3.4.2 Low, medium or high skills approach?

NSDS III is not clearly focused in its commitment to either a low, intermediate or a high skills approach. All are mentioned, and none are specifically given greater priority. Perhaps there is a greater commitment (in terms of the number of specific outputs) on intermediate or middle level skills including artisans, but this is not explicitly stated. There is general agreement amongst interviewees that NSDS III, particularly in relation to the artisan trades, is a move away from learnerships (promoted under NSDS I and II) back towards the apprenticeships system that had nearly collapsed in the period between 2000 and 2006 and was gradually being rebuilt as a result of the JIPSA artisan project. The strategy points out that there had been "an over-emphasis on NQF level 1-3 learnerships, with insufficient progression towards more appropriate (intermediate and higher) skills required for growth sectors in a knowledge economy. There is a need for much more substantial programmes that improve qualifications, support career-pathing, enable greater flexibility and mobility and increase productivity" (DHET, n/d, p. 5). Special attention is meant to be placed on intermediate skills: artisanal, technical and professional fields, which the strategy calls "fundamental to the development and growth of our economy" (DHET, n/d, p. 6).

However, there are signals in the NSDS III document that confuse this straight-forward message on intermediate skills. On the one hand, the strategy appears to suggest that the urgency is to address those with low-end skills, those NEETs and unemployed and new entrants. It is mentioned as it's 'purpose' that: "The emphasis is particularly on those who do not have relevant technical skills or adequate reading, writing and numeracy skills to enable them to access employment" (DHET, n/d, p. 5).

But, on the other hand, the strategy also says that it will support: "production of priority skills in high-level occupationally directed programmes in the entire skills development pipeline, from universities and colleges to the workplace" (DHET, n/d, p. 13). Preference is thus to be given to 'Professional, vocational, technical and academic learning (PIVOTAL) programmes'. It is worth noting that although this acronym was in some ways a clever way of summarising the intention of the Department it was somewhat confusing in that although it was clearly intended to denote an occupational focus, the word "occupation" does not feature. PIVOTAL

could therefore be interpreted as almost any programme that led to a person gaining a qualification that had value in the labour market. Perhaps that was the intention, but it was not explicit.

3.4.3 The "narrow occupational" versus "broader vocational" debate

There is an intense debate amongst skills development stakeholders as to the nature of technical and vocational training needed for flexibility. Some argue for occupational qualifications where the focus is training a person to do a specific set of tasks within a trade or occupation. Others argue that a broad "vocational" or "technical" education is what is needed. John Buchanan, a visiting academic from Australia suggested to the LMIP colloquium in September 2016 that some middle ground may be needed that enables both to be achieved. However, his key message was that we must engage with this discussion and find an agreed approach. The South African skills system seems to have adopted the "narrow occupational" approach without a thorough discussion. There are therefore unresolved tensions between the education and training stakeholders as to how to understand and address the issue of equipping young people entering the labour market to be flexible in their choice of occupations and have the ability to adapt to change (LMIP Colloquium Report 2016)

3.4.4 Demand or supply driven?

There are also differences in opinion over whether NSDS III is more of a supply-side or demand-side driven strategy. On the one hand, there was an understanding that NSDS III had moved away from a one-size fits all approach to skills development and was more sectorally-focused. It was therefore responding to the demands of employers in relation to skills within specific sectors where sector stakeholders themselves determined the agenda of skills development. The Minister's foreword in the NSDS III states: "SETAs must become recognised experts in relation to skills demand within their sector" (DHET, n/d, p. 3). Accordingly, as one interviewee explains: "This strategy did not place responsibility for training and education on all role players, the emphasis was on employers and not on the workforce". The key instrument for reflecting demand was the WSP, with employers setting out skills needs, and which were updated each year and which the SETA took as indicating current demand.

In addition, there are skills linked to future industrial strategy and plans that also constitute demand. For example, if government decides to develop the maritime oil and gas industry around Saldanha Bay, demand-side planning requires skills to be produced that are not in demand from existing employers but will be when the industry takes off. So, demand-driven implies both current and future need. Many stakeholders believed that NSDS III was intended to be such a demand-driven strategy.

But a counter view to the demand-driven approach, is that the focus of the strategy is on ensuring provision (supply) of skills development, specifically because there is much prominence given to supporting, and building the capacity of, public TVET colleges. In other words, the driving purpose of the strategy was to make the public colleges and universities more responsive to industry. There is also an undertaking in the strategy to incentivise training and skills development capacity in the cooperative, NGO and trade union sectors, including community and worker education initiatives. There seems to be, on balance, therefore, a shift towards focussing on the supply side and strengthening public-sector supply-side institutions and programmes, and a move away from the previously articulated strategy of empowering

employers to identify need and to respond to that need by expanding training within and for their workplaces – a “demand driven” understanding.

3.5 Conclusion

In sum then, NSDS III articulates its purpose in broad terms. That may be a reflection of its ambition. This was not an error in planning but rather a deliberately broad enabling strategy. Rather than choosing between a high, intermediate or low skill-approach; or between a supply-driven or demand-driven strategy, the intention was to cover the range of possibilities. As one interviewee noted, NSDS III was a “policy framework” within which different implementers would select aspects and drive them in their sphere of work. It was not intended to tell every implementing agent what to do. It allowed flexibility within a broad framework of goals, outcomes and outputs. It was acknowledged by most stakeholders that this was welcomed at the time as being a more flexible approach to NSDS II which was viewed as being more prescriptive.

The draw-back, however, of such a wide resolve is that there is no collective pull of resources and attention on a more singular purpose. Many successful skills systems and strategies globally have succeeded because of their clearly defined focus. By channelling resources towards lucidly spelt out priorities, measurable progress can be achieved in those areas. A “policy framework” approach means that stakeholders can interpret the strategy differently and find evidence for their understanding of the strategy from different parts of the document. As one interviewee explains: “Maybe it is fuzzily formulated and slightly contradictory if you think of the equity and competitiveness agenda, but some people in the system are able to nevertheless use it in a way that is probably aligned to the purpose of the Act. So maybe you want something broad, but it allows people to make their own sense. The challenge is that most do not make any useful sense of it”.

On balance, and taking account of the context at the time, having a wide range of aims may be viewed positively. It should be read as an enabling framework, flexible enough for different stakeholders to use according to their particular sectoral needs. In other words, it is probably sensible in an evaluation of the strategy to accept the basic intention (to provide a broad enabling framework) and to evaluate it on that basis. Much then depends on how the strategy as a whole is able to be used and read coherently even as sectors choose to follow slightly different paths.

SECTION 4: IMPLEMENTATION

This section of the report explores NSDS implementation. It starts in sub-section 4.1 with an examination of the planning operational management and governance arrangements that were put in place. It then in sub-section 4.2 examines Goal 1 on skills planning and research. It then looks at institutions of implementation and their roles and capacity in sub-section 4.3. In the final sub-section 4.4, spending on skills development is analysed and explained.

4.1 Operational management and Governance

WHAT THIS SUB-SECTION COVERS

This sub-section sets out how NSDS III implementation was given direction and managed, the levers used to achieve implementation, and the governance and accountability mechanisms – how the implementation was planned and overseen.

4.1.1 Structuring and operational management of NSDS III implementation

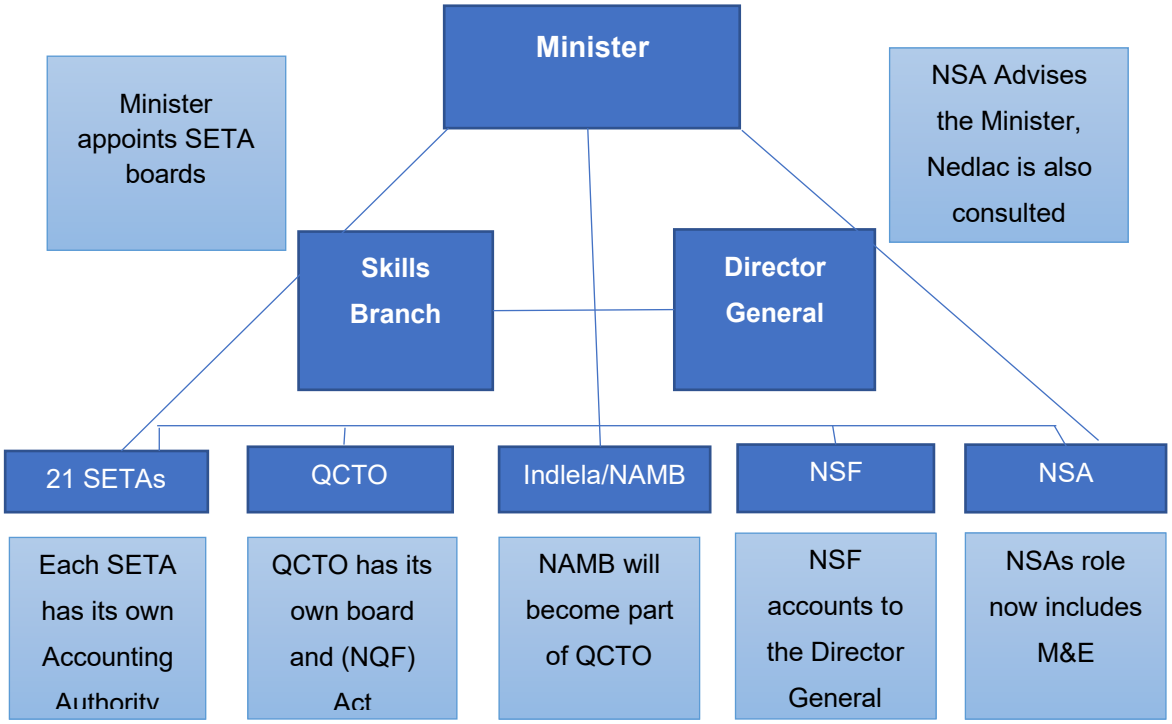
This analysis draws mainly on desk research and interviews with managers in the Department and its entities. Individual interviewees are not identified as the interviews were conducted on the basis of confidentiality. This is the normal practice in what the evaluation team describes as an "OD review" of the Department and its entities. The intention was to encourage managers to be open and self-critical without being identified. Inevitably there were differences of opinion and even of recollections of events, and in such situations the researcher concludes on the basis of evidence provided. Extensive reading of strategic plans and annual reports, as well as documents provided by those interviewed, enabled the researchers to piece together the arrangements that were put in place and the gaps. The analysis and findings were presented to stakeholders, where there was general agreement. Where the analysis was questioned, further interviews were conducted.

In 2009 a new Ministry and Department was formed from the TVET and HE branches in the Department of Education and the Skills Branch in the Department of Labour. The work of establishing the new skills branch, addressing challenges identified in the 2008 Nedlac SETA review, and shifting the skills system in a new direction, was an enormous challenge. It was never going to be easy. Senior people did not move across with the functions, and there were appointments made to some senior positions of people who had limited knowledge of, or experience in, skills development. Some that transferred had different views on the way forward to that of the new leadership.

Although primary responsibility for the management of the skills development system and ensuring implementation of NSDSIII lies with the DHET skills branch, there are aspects of strategy where responsibility resides in other branches and linked institutions. There are also parts of the system over which the skills branch has no control and only limited influence. For example, the National Skills Fund consults with the NSA but the accounting authority is the

Director General. The following diagram simplifies (perhaps over simplifies) a complex matrix within which the skills branch must coordinate, manage and monitor strategy implementation.

Figure 4-1: Structure of the skills system



4.1.1.1 The Skills Branch

The Skills Branch inherited from DoL has a number of functions. These include: SETA support, SETA performance monitoring, oversight of the QCTO, outreach and communications, including the secretariat of the NSA, and Indlela, the artisan trade test centre that had become the location for the national artisan development project and NAMB.

In 2011, a National Treasury GTAC team (then TAU) facilitated a process that reviewed the structure of the Skills Branch and developed an M&E framework for NSDSIII. (Ref: DHET_GTAC_OD review, branch structure and M&E framework 2011). This review culminated in a new structure being agreed. The most significant change was in relation to the monitoring function of the Branch. Historically, the SETA monitoring unit monitored SETA achievements against NSDS targets. The mechanism was the Quarterly Monitoring Report (QMR) which was mainly focused on numerical achievements. It was agreed that the M&E function must be much more than this and focus more on quality, cost, and impact. The Performance Monitoring Unit would become a Chief Directorate (as would skills system support unit) and monitoring would be ramped up. The report was not implemented. It is not clear exactly what the reasons were.

However, there was disagreement within DHET management over the recommendation that the Skills Branch strengthen its M&E capacity, as there were those within the Department who believed that M&E should be for the whole of PSET and located in the Planning Branch. There was and remains a tension between strengthening capacity to manage skills development and

building a unified PSET system. Whatever the reason, in 2011 an important opportunity was lost to strengthen the branch and reposition it to more effective in addressing the complexity of NSDS implementation.

The result of not implementing the GTAC facilitated proposed branch structure, was that no significant change was made to the structure that came over from DoL. It was left to the pre-existing units of the branch to address both the inherited challenges and take the skills system in a new direction. Structure did not follow strategy.

4.1.1.2 The National Skills Fund

The NSF played an important role in the shifts that were signalled in NSDSIII. It drove skills development implementation is areas of the strategy that SETAs found difficult. For example, the NSF allocated funds to strengthen infrastructure in the public TVET colleges, to support research into skills development and TVET, to train cooperatives and to help bring state owned entities such as Eskom and Transnet back into the training of artisans for the wider economy and not just their own needs. The NSF inherited from the Department of Labour had limited capacity to plan, manage and monitor spending – evidenced by the lack of learner and employer data that was available to the evaluation team - but from 2014 capacity was build and currently the NSF is positioned to do a more effective job in implementing skills strategy going forward.

4.1.1.3 The TVET branch

Given the central NSDSIII aim of delivery of skills development through the public TVET colleges, there was a need for a structure to achieve this. Nothing was done immediately to establish a structure that would enable TVET NSDS outcomes. In the words of a senior TVET manager, “NSDSIII was a skills branch strategy. There was no structure established to address things like the NCV or Nated programme reviews envisaged in NSDSIII”. This was an observation that the different branches of DHET were still operating in silos even though they were by then part of one department.

Again, there are contextual issues in relation to TVET during this period. As the Skills Branch was dealing with functions being transferred from DoL to DHET, so too was the TVET branch dealing with the transfer of management of the 50 TVET colleges from provincial education departments to DHET. This was a very big task and was being done at the same time as significantly expanding access to TVET college programmes. During the period 2011 to 2016 enrolments in the NCV and Nated programmes expanded from around 400 000 to around 700 000, a huge increase that was not matched by a proportionate increase in funding. Unsurprisingly the focus of the TVET branch was on this reality rather than the priorities identified in NSDSIII.

4.1.1.4 The public service

NSDS III set out to achieve major changes in the approach to skills development in the public service. A key concern prior to 2011 was that the Skills Development Levies Act put in place a levy of private employers of 1% of payroll but required public service departments to “ring-fence” the 1%. 10% of that 1% was to be transferred to the SETAs engaging with the public service and this would support administrative functions, but the funding for skills development programmes would remain within departments. DHET engaged DPSA and agreement was

reached in 2012 that 30% (not just the 10%) would be transferred to SETAs to fund sector skills development as determined in the SSPs of the SETAs. This change needed cabinet approval, which was finally given and was implemented from the 1 April 2013. DHET and DPSA also engaged in a campaign to "make every workplace a training space", including the public service. This was an important campaign and resulted in an expansion of programmes for young unemployed people.

There are two main types of departments, those that employ large numbers of staff (such as education, health and safety and security/SAPS) and those that have smaller staffing complements who do not engage in a specific SETA for the purpose of skills development (DIRCO and DHA for example). The former work through their line SETAs and the latter (mainly) through the PSETA. There is also a small group of departments who have some line SETA interest but mainly work with PSETA (Departments of Agriculture and Transport for example).

The additional transfers were put in place for the 2013/14 financial year but not evenly. Some SETAs received all of the amount, but most received partial payments initially and had to engage national and provincial departments before payments could be agreed. In some SETAs the transfers are still not made regularly, or are made at the end of the year, or are made by some provinces and not others. So, although a major change in funding of skills in the public services has been achieved it is not yet fully working as intended. If delays occur in payment this contributes to the challenge of SETAs not spending all their income.

There was also agreement that all departments should pay an amount to PSETA, but as the amounts were small and involved a lot of bureaucracy National Treasury did the calculations and decided to pay on behalf of all departments. This was done from 2015. For most of the period 2011-2015 the PSETA was lacking funds to do what was expected and in addition spent some time under administration.

Coordination and planning arrangement also differ according to the type of departments. For the SETAs linked to large employing departments (such as education and health) the important planning is between the SETA and their line departments. For the SETAs with smaller departmental workforces who engage with PSETA the "GSETA" - public service coordinating structure – is important. At this forum the general focus of public service SETA programmes is discussed. Challenges are identified, and possible solutions explored.

4.1.1.5 SETAs as implementing structures

The primary implementation structures for the NSDS are the 21 SETAs. SETAs develop sector skills plans which cover the entire economy, and they implement the plans by means of promoting and funding learnerships, apprenticeships, skills programmes, bursaries and internships. The SETA should also be monitoring and reporting on all training within the sector.

In general, there was strong support and buy in within SETAs for NSDSIII, with a wide range of programmes and projects being put in place to implement what the SETAs regarded as a flexible strategy that allowed for sectoral adaptation. There was also a reasonably good understanding of what was required. The exceptions to this were the intentions in relation to public TVET colleges and in relation to the role of SETAs in relation to youth and the unemployed. SETAs felt that NSDS was expecting them to do things they were not equipped

to do. There was a feeling that levy money intended for skills development was being diverted to programmes that were not viewed as benefiting the sector.

Administrative challenges

If there is one issue that is overwhelmingly agreed upon is that SETA administrative systems are complex and poorly managed. This is not the case in all SETAs, but even where there is an efficient and supported grants process in one SETA, the challenge is that policies, processes and criteria are different across the SETAs. A very large number of companies no longer participate in SETA programmes and the main reason they give is the complexity and difficulties experienced. NSDSIII outcomes include long term sustainable relationships between SETAs and both TVET colleges and universities. However, the systems of grant disbursement have generally not changed and are not suited to such partnerships.

It is important to note that financial management in the SETAs has improved with the SETAs performing much better in annual audits than many other government departments and entities. Few SETAs have had qualified audits and some are even having clean audits several years in succession. Although this is a major success, it come at a cost. Very strict processes are now in place for grants which involve things such as “due diligence” and involves requirements of companies that are very difficult for small companies to meet.

4.1.2 Governance and accountability

4.1.2.1 SETA accounting authorities

SETAs are established as public entities in terms of the PFMA. This means that they have a board that determines strategy and implementation plans. The issue of giving direction to SETAs and holding them to account has remained a frustrating issue for DHET. It has also created tensions with organised business, who want to see accountability but also want to retain control of how the levy income is spent. This is a critical tension in the skills system – how does government hold stakeholder structures to account?

Many senior managers in SETAs expressed concern that the boards were made up of people who seemed to see their deployment to the boards as a personal opportunity. One interviewee stated that “they see their Board membership as an employment opportunity, they see it as a job. The interest of the sector and the nation become secondary – all that they are interested in is how they can enrich themselves.” In some cases, board members were perceived as representing narrow sectoral interests, in others their own personal interests. “There is a lot of self-interest” said one senior manager. “The board members are interested in their own sub-sectors at the expense of other subsectors”. This reflects a view held by many in the SETAs. Another stated that “decisions were based on what Board members could get out of it. Our Board failed us, and their egos became too big.”

On the other hand, board members express frustration that long-standing managers undermine effective governance by not reporting accurately challenges that are being experienced. Some board members who were appointed to ensure that the SETAs embraced the changes in NSDSIII felt that they were not able to fully achieve this because of passive or active resistance to their efforts.

Moreover, there has been agreement for some years within the department that SETAs do not have suitably qualified people to address skills development challenges. During the HRD led Skills System Review there was stakeholder agreement on this (HRDC SSR report 2014). It is a concern raised by employers and industry bodies that often those engaging with them do not have a good understanding of the industry they are working with. While there are some SETAs that have staff and managers with industry experience many do not, and few have that expertise and experience across all the sub-sectors they are established to serve.

There are clearly ongoing tensions in many SETAs between the boards and senior management. In many SETAs the board members do not respect the role of managers in the operations of the SETA, and others where the managers do not respect the role of the accounting authority in giving direction and holding managers to account. Inevitably many SETAs end up doing wrong things or failing to function properly and are placed under administration. However, administration has also not always resolved the problems and is not regarded as a universally effective mechanism for getting a SETA back on track.

There have been attempts to reform the SETA system. A proposal to close the SETA boards and create a single skills authority - something that would simplify accountability but retain the stakeholder control in a single accounting authority - was rejected by organised business and not pursued (HRDC SSR review 2014). Another proposal to organise SETAs into five clusters, convert the boards into advisory structures and manage five clustered SETAs from the Department (NSDS and SETA Landscape Gazette Oct 2015) was viewed by employers as the Department trying to “control” the SETAs. A huge lobbying campaign resulted in this also being withdrawn. It is the view of many managers that vested interests have become so entrenched that it is virtually impossible to make changes (Engelbrecht, 2018b). It is the observation of the evaluation team that it has become one of those issues that almost everyone complains about, and blames for the problems that exist, but which is impossible to change.

The status quo remained throughout the period 2011-2016. In proposals out for public consultation there are changes proposed to the “SETA landscape” but none to address governance challenges. The governing structures will remain the same.

As a result of the difficulty in making radical changes to the way SETAs are constituted, the Department and Ministry adopted an incremental and targeted approach to addressing problem areas and shifting the direction of the SETAs:

- A key intervention was on the constituting of SETA accounting authorities. Legislation was amended, and a standard constitution was developed. Board sizes were reduced. Chairs were appointed to each of the SETAs, with a mandate to ensure that they more closely aligned the work of their SETA to national policies and strategies. Independent audit committees were established.
- The main mechanism available to the Department and Minister is to investigate wrong doing or governance breakdown, and, if necessary, place a SETA under Administration. During the period since 2011 some seven SETAs (TETA, CETA, PSETA, SASSETA, LG SETA, SSETA, W&RSETA) were placed under administration. Several others were subject to forensic audits and the suspension of either the board chair or CEO. In some cases, investigations have started, resulting in CEOs leaving before action is taken.

- Service Level Agreements (SLAs) between SETAs and DHET set out specific targets that SETAs would need to meet as their contribution to NSDSIII implementation. The SETAs complain that the SLA has replaced the strategic plan and APP and that it focuses almost exclusively on numerical targets. This is true to an extent, but it is also evident that the SLA has resulted in an improved level of clarity on what the SETAs are delivering. Numbers are important, and it is clear that some SETAs are achieving a great deal more than others with the same or less funds to spend. So, the SLA has been an important instrument of delivery and accountability.

4.1.2.2 The National Skills Authority and Nedlac

Part of the accountability challenge relates to the stakeholder oversight structures and their role in either supporting or blocking accountability. The two structures involved are NSA and Nedlac. In theory, the NSA focuses on skills development and SETA performance, and Nedlac focusses on policy, the wider economy and the role of skills in that. However, in recent years the Department has consulted both the NSA and Nedlac on strategy, plans and the SETA Landscape and so DHET is finding itself in a situation of having to account to two stakeholder structures and obtain a mandate from both. There are now instances where the two structures do not arrive at the same conclusion and this creates uncertainty and makes decision-making difficult. The NSA has spent a great deal of time during the period under review conceptualising and planning for its envisaged role in conducting monitoring and evaluation of the skills development institutions. The NSA was not well resourced to play its investigative and advisory role in relation to challenges in NSDS implementation. The additional function of M&E has not attracted the additional resources that will be needed. A key accountability structure is lacking the resources to be able to effectively carry out its oversight and accountability role.

4.1.2.3. Oversight of the QCTO

The creation of the Quality Council for Trades and Occupations (QCTO) was an important step taken prior to NSDS III. The intention was that the QCTO would develop and quality assure a set of occupational qualifications that were supported by employers and implemented as part of SETA plans. This occupational sub-system needs to work with the quality councils of the other sub-systems (TVET and Higher Education) to achieve coherence across the National Qualifications Framework. The new Department had to address role clarification and funding issues. The SETA Grant Regulations provided for some funding to the QCTO (0.5% of the levy) from 2013, but the challenge of capacity continued and much of the quality assurance work, related to occupational qualifications, remained with the SETAs. It was the intention to bring the National Artisan Moderating Body (NAMB) into the QCTO but this did not happen.

There is a challenge for DHET in the management of the QCTO. The QCTO had been established to put in place to oversee the development and quality assurance of occupational qualifications. But the QCTO did not have the capacity to take on this role, nor the funding to develop the capacity. In spite of the additional money from the SETAs, the problems of capacity continued, and the functions that have (in theory) transferred to the QCTO from SETAs have essentially been transferred without the budget that was allocated in the SETAs. As a result, the functions are being contracted back to SETAs in the form of Development Quality Partnerships (DQPs) and Assessment Quality Partnerships (AQPs). This was not the

intention of the Department but there has been little it can do. Because the legislation established an independent accounting authority for the QCTO, DHET is faced with a situation where it can try to influence the QCTO at board meetings and in bilateral meetings but does not have the power or capacity to ensure that the QCTO does what it is required to do to implement NSDS III.

4.1.2.4 National Skills Fund oversight

The accounting authority for the NSF is the Director General. In developing its plans, the NSF consults the NSA and the NSA approves the overall funding framework. However, the actual spending each year is determined in the Annual Performance Plan (APP) of the NSF and is not formally approved by the NSA, but rather the Director General.

One of the reasons for BUSA fighting so hard on the SETA Grant Regulations of 2012 was that that they believed the NSA had not been properly consulted, as required by the SDA. The other was that the funds transferred from SETAs to the NSF would essentially be used for supplementing gaps in fiscal funding. Business accepted that 20% of the levy income could be used by the Department as it saw fit but objected strongly to SETA funds being "swept" into the NSF and used (without accountability to stakeholders) to fund the public PSET system.

4.1.2.5 Provincial Skills Development Forums (PSDFs)

Provincial Skills Development Forums located within the skills units of the offices of different Premiers include representatives from TVET colleges, SETAs and industry, as well as national, provincial and local government, organised labour, the provider community, NGOs and community organisations, and others. Through this forum there is greater understanding of the skills needs of the province, and opportunities to network and form partnerships. The effectiveness of these Forums is uneven across provinces, but they have become an important part of making the skills system more accessible and accountable at provincial level.

4.1.3 Conclusion

DHET inherited a skills branch with a complex set of functions and an array of institutions through which to lead and manage implementation of strategy. It attempted a number of times to restructure both of the branch and the SETAs but met serious opposition and withdrew. The result of not making radical changes in the system, and accepting the status quo, was that a new and very different strategy was implemented using the same structures and systems that were in place for previous skills strategies.

In relation to aligning financial resources to the strategy the levers were effective up to a point. The Grant Regulation and the repositioning of the NSF ensured that the majority of available funds were channeled towards implementing NSDS III. Whether the funds were used optimally or in a cost-effective manner is another matter. But the focus on PIVOTAL programmes has meant that 80% of funds have gone to fund these. The NSF can also legitimately argue that it too has focused on such programmes, and so possibly more than 80% of available funds are being directed to them.

However, there are weaknesses in the systems of accountability that are inevitably going to result in periodic crises, and although there are some SETAs that are managed and governed well – there are many examples in the evaluation of exemplary work by most of the SETAs - the continued incidence of failure in some SETAs tends to impact on the general confidence

of stakeholders and the public in the skills system as a whole. The Department, currently, does not seem to have a clear answer to the challenge, and this is partly due to the opposition that occurs whenever a possible solution is put forward.

4.2 Skills Planning

WHAT THIS SUB-SECTION COVERS

This sub-section of the Review examines research and planning activities organised by DHET and its partners. It specifically focuses on the following research and planning initiatives:

- The commissioning by DHET of externally-produced research
- The launching of the Labour Market Intelligence Partnership (LMIP) in 2011
- The proposal to form a DHET Skills Planning Unit
- The appointment of Research Chairs in Skills Development funded both by the NSF and SETAs.

The discussion will conclude by assessing the extent to which a credible institutional mechanism for skills planning has been established.

4.2.1 Introduction

Improving labour market research and skills planning has been a major component of NSDSIII. Prioritizing planning was one of the major shifts that occurred in the functions and responsibilities of the DHET in the period 2009 onwards. This shift had a number of crucial components. The most dramatic was the formation in 2009 of a single government department dedicated to post-school education and training. Planning under the new DHET required a more integrated and comprehensive process across the entirety of the post-school system – including the three core divisions of the DHET – higher education, TVET Colleges and skills development. A second development was the shift in emphasis in NSDSIII of reducing SETA funding support to private training providers and redirecting these funds towards public HE and TVET Colleges. Again, the need for departmental planning to focus across the three divisions of ET provision – HE, TVET Colleges and skills development – was reinforced. And lastly, the TVET branches located within the nine provincial education departments had now become a national competence falling under DHET. All of these developments required stronger planning capabilities within the DHET than had previously existed.

4.2.2 The DHET

4.2.2.1 The DHET and SETA commissioned research

A publication of the DHET released in 2017 lists over 273 research projects commissioned by the SETAs and DHET in the period 2011-2016 (DHET, 2017b). This is a comprehensive body of research and consists of 273 pieces of commissioned research over five years; this is not an insignificant body of research work. The topics cover a wide spectrum of issues and display a solid variety of research methodology. However, as evidence will show later in this report, there are indications that not all of this research was of good quality and that this research was not effectively '*translated*' by SETA and DHET staff so as to add to the planning capabilities of the skills system.

4.2.2.2 The DHET capacity to steer skills development

The DHET Skills Branch undertook an extensive process of self-review in 2011 which led to the production of a document entitled 'Internal Report on a M&E Framework' (DHET, 2011).

In this self-critique, DHET noted the need to go beyond narrow quantitative measures to determine the impact of training. Such measures of 'compliance' were needed, but on their own they were insufficient to describe skill dynamics on the ground. The department argued that other key questions needed answering such as: what is the system delivering in terms of change and impact? Is what is being done having any impact? In posing these questions, DHET was suggesting a shift towards more qualitative methods of research.

However, after having decided that a more comprehensive model of research was required (adopting both quantitative and qualitative methods), the DHET recognised that 'no research or skills planning expertise existed in the Skills Branch. It relied mainly on external capacity'. For example, no 'systematic evaluation of the SSPs could be done internally'. There was weak skills planning expertise within the branch and no support was being provided to the SETAs to improve the quality of SSPs. Additionally, expertise on higher education's contribution to national skills development was a new capability which was not necessarily present in the Skills branch. Similarly, with the TVET Colleges. Such expertise was not previously required and was not monitored.

Adding to this assessment of DHET capabilities to do research and planning, the Review of the LMIP (which was released in 2017) indicated that DHET continued to have weak capacity to do the translation of labour market research findings into planning, policy and implementation. Extensive research has in fact been done. However, it is the difficult task of translating research findings into actionable plans that is missing in DHET and not the absence of research per se.

4.2.2.3 SETA interview comments on DHET capacity

This NSDS III Review interviewed 105 SETA managers as part of the review process, asking a wide range of questions including the issues of research and planning (Engelbrecht, 2018b). The overall view of SETA leadership is that DHET has imposed too many reporting requirements – SETAs need to report to DHET itself, to QCTO, to National Treasury, all in different formats – which seriously detracts from developing a standardised method of data production and analysis – all of which are critical inputs into a planning infrastructure. DHET expects SETAs to sign annual SLAs that do not speak to the aspirations of NSDS III and SETA APPs and SETAs put this down to a capacity gap in the skills branch.

4.2.3 The LMIP

The LMIP was launched in 2011 when the DHET contracted the HSRC to lead a research consortium with two university partners, the Development Policy Research Unit (DPRU) at the University of Cape Town and the Centre for Researching Education and Labour (REAL Centre) at the University of Witwatersrand. Once launched, the LMIP and DHET defined the six main objectives of the LMIP, which were as follows: (1) Information and knowledge advancement; (2) Labour market intelligence; (3) Research capacity development: (4) Institutional capacity development; (5) Research dissemination; and finally, (6) Skills Forecasting Capacity (DHET and Redflank, 2017).

The LMIP was also thematically structured into six research areas comprising the following: (1) Establishing a foundation for labour market information systems (issues pertaining to data

sourcing and integrating databases); (2) Skills forecasting (development of an econometric model to forecast skills needs); (3) Sectoral Analysis (for example, surveys of employers in specific sectors); (4) Reconfiguring the post-school sector (which focussed on skills planning at an institutional level showing how different institutions have established linkages with industry; (5) Pathways through education and training into the workplace (in the main this entailed graduation destination studies); and (6) Understanding changing artisanal milieus and identities.

4.2.3.1 An evaluation of the impact of the LMIP

A review of the LMIP was undertaken in 2017 by an external consultancy. Redflank. The results provided a mixed message of 'partial success'. The LMIP scored well in two of its 6 objectives listed above - good quality research to advance information and knowledge of the PSET system, which was awarded a score of 73% in the review, and research dissemination, which was well served by an online HSRC research repository (DHET and Redflank, 2017).

Another accolade earned by the LMIP project (and the SETA Research Chairs initiative which is discussed later in this report) is the creation of an extensive 'community of practice' of VET researchers nationally – something which was not in place prior to the LMIP. This included frequent engagement amongst researchers, productively focused through a shared interest in particular areas of skills research. However, there was significant criticism from stakeholders interviewed in the LMIP Review.

4.2.3.1.1 Disjuncture between research outputs and DHET needs

The LMIP review report sketched a detailed explanation of how the research-policy process works – what they termed the 'research policy nexus', a process which sees research products being translated and adapted for planning purposes through intensive engagements between researchers and government planners. The LMIP review found that this relationship was fraught with difficulty – with problems emerging on both sides of the nexus. DHET argued that there was a "lack of understanding by researchers of how the DHET outcomes should be met". From the research partner's perspective, this was attributed to the DHET's inability to articulate what they wanted from the research consortium when the project was launched.

A second problem was that of 'translation'. The LMIP review argued that confidence in the ability of the DHET to efficiently translate research products into relevant skills interventions was low, indicating that internal capacity for research translation in the DHET is a greater concern than whether the research products were appropriate for informing skills interventions. Research stakeholders felt that the benefits of the LMIP Project had not yet been fully realised – due largely to a lack of translation into active policies and interventions. Stakeholders also commented that many outputs were "*overly academic*", too lengthy and not aligned or focused on what the Department actually needed and could use (DHET and Redflank, 2017).

4.2.3.1.2 LMIP has limited impact on DHET capacity

Respondents in the LMIP review process perceived only a partial increase in the capacity of DHET to undertake labour market research at the conclusion of the LMIP project. Stakeholders felt that the LMIP did not effectively contribute to capacity development within the DHET, and its internship, Honours and Masters bursary schemes have not led to an

increase in the employment of skilled labour market planning personnel in the Department (DHET and Redflank, 2017).

4.2.3.1.3 Forecasting model not successful

Perhaps the area of harshest criticism was the forecasting model. LMIP Review respondents rated this objective as 'Partially Met' with a low score of 56%. The labour market econometric model was developed at huge cost and was considered difficult and inaccessible to the average SETA user. As such, this did not assist DHET to forecast skills needs. A further problem with the model was that users would in future have to pay a large subscription fee, making it inaccessible yet again for potential users. Some LMIP stakeholders interviewed saw the forecasting project as a relic of the old 'Manpower Planning' models popular in the 1960s-1970s (DHET and Redflank, 2017).

4.2.3.2 Final assessment of the LMIP

The final assessment of the LMIP by the Redflank consultancy firm, based on extensive interviews with all the research stakeholders, was mixed – two of the research objectives were 'met' (knowledge advancement and research dissemination), and the remaining four objectives were 'partially met'. The forecasting model and capacity building within DHET are the two objectives that received most criticism and dissatisfaction from interviewees (DHET and Redflank, 2017).

4.2.4 The Skills Planning Unit (SPU)

One important outcome which originated within the LMIP and its deliberations around systems of planning was a proposal for DHET to establish its own Skills Planning Unit. The 2017 LMIP Review noted that strong views were expressed that this research management capacity needed to be internalised within DHET (not outsourced). Such a route would make the 5-year LMIP-type planning process more affordable and sustainable in the long-term. In this proposal, a SPU would be focused on achieving the following objectives: (1) conducting analysis of the labour market; (2) undertaking planning for the PSET system; and (3) monitoring the performance and funding of the PSET system.

However, many of the SETA interviewees felt that establishing a SPU is no magic wand for solving all the problems of planning within DHET. Its success will be heavily dependent on how the LMIP project and process is handed over and internalised by DHET, as well as the level of available internal capacity for doing and managing research. It will require extensive expert support from researchers in the universities as well as consultants. A recommendation on the route forward to strengthen such a SPU is made in the concluding chapter of this report.

4.2.5 SETA SSP Processes

During the reporting period 2011-2016 the DHET continued to review and refine the format and content of SSPs, and to improve and extend the SSP support it provided to SETAs. In 2015 the DHET developed a new SSP Framework that provided a detailed outline and minimum requirements for credible skills planning at the sectoral level. The framework focuses on gathering and analysing data to support the key roles of SETAs in aligning education and training supply side with employer's demand for skills in their sector. SETAs are required to strengthen their research capacity in order to improve their SSPs in line with the new

framework. In November 2015 the DHET established a panel of experts to evaluate all SSPs to ensure they were of high quality and aligned to each SETA's Strategic Plan and Annual Performance Plan. Continuous improvement plans for each SETA were also developed in order to monitor and support the SETA and build internal capacity (Nene, 2018).

In support of this capacity-building process, DHET also changed the guidelines for SSPs and decreased the length of an SSP first to 80 pages and then from 80 to 60 pages, with the requirement that SETAs keep a "portfolio of evidence" on research conducted. DHET Guidelines were produced explaining what was needed in each chapter of the SSP. Workshops were held to explore different methodologies and data sources. The review panel examined draft SSPs and provided continuous feedback. Another area of reform was to align all of the SETA planning instruments: Sector Skills Plans, Strategic Plans (SPs), Annual Performance Plans (APPs) and Annual Reports (ARs). In most cases, these documents did not talk to each other with little alignment to a standardised set of goals for the SETA. It was also difficult to see from all of these documents how each of the SETAs was allocating their resources through planning and implementation.

4.2.5.1 Visible improvements

The general performance picture for the development of SSPs by SETAs during the final year of assessment has been one of improvement as compared to the start of the project (Nene, 2018). Nineteen SETAs showed significant improvement between 2015 and 2017. In 2015, seven SETAs scored 70% or more. In 2016 the number attaining 70% or more increased to eleven and in 2017, this number had increased further to nineteen. Five of this grouping of nineteen scored more than 90% - these being AgriSETA, CHIETA, merSETA, MICT SETA and MQA. The Panel process and the DHET guidelines for SSPs have no doubt helped in improving SSPs in that they all now follow the same format, covering similar issues for the different sectors. The SSPs also contain focused and succinct write-ups due to the limitation imposed on the number of pages required per section.

4.2.5.2 Continuing problems: SETA staff capabilities

The single biggest problem facing SETA research and planning activities post these SSP improvements is the reliance on external service providers to do the research and write the SSPs. This dependence is related to the fact that few SETA staff members are trained sufficiently or experienced enough to perform some of these research and planning functions (Englebrecht, 2018).

In interviews with the SETA leadership, it became clear that many staff themselves are qualified with degrees and post-graduate qualifications, yet, few can perform the research and planning function. Some have developed these skills on-the-job, but this route takes years of SETA experience. The temporary nature of employment in the SETAs (varying from one-year to five-year contracts) does not help resolve this problem. A minority of SETA managers feel that they have adequate skills (Engelbrecht, 2018).

4.2.5.3 Poor data management

Management information systems (MIS) and their effective utilisation are central to good planning. Such databases – on learners, throughput, graduation and tracked employment as well as on finances and other managerial processes – continue to be a problem across the

SETA system. It appears as if nothing has been learnt from the mistakes and problems of NSDS II where this problem was raised as very critical (HSRC, 2012). Poor data makes proper planning difficult.

Within SETAs, there are differences in opinion as to the adequacy of MIS systems. Some SETAs feel that they have effective systems that work to ensure that they deliver on NSDS III. However, one SETA acknowledged that "the systems are not aligned, they are fragmented. There are thousands and thousands of learners who have gone through our systems, but we are not able to report on their pathway through to employment". According to a number of SETA staffers and managers interviewed, there is too much reliance on a MIS external service provider. The integrity of data is sometimes questionable as the SETA does not have access to go back to the "system" to scrutinise it (Engelbrecht, 2018b).

4.2.6 Research Chair Partnerships

The NRF supports over 200 Research Chairs across all universities and in all disciplines. However, up until 2017 no Research Chairs existed in the academic field of Skills Development. This vacuum in national research capacity led to an agreement between the DHET, NSF and NRF to launch 6 SARCHI Research Chairs in 2017-2018 in the broad field of post-school education and training. Two have been appointed so far, one in skills development (University) and the other on the TVET College system (University of the Western Cape).

4.2.6.1 SETA funded research chairs

With the new emphasis in the NSDS III on financially supporting public higher education institutions, the primary mechanism to do this has been the SETA-funded Research Chairs Initiative. In the period 2011-2018 over twenty SETA funded Research Chairs were established at South African universities (Kraak, 2018a).

4.2.6.1.1 VET research not prioritised in universities

One of the benefits of these SETA-funded research chairs is that for the first time VET research is being foregrounded in the university system as a national priority research area. This positive contribution towards university-based research on labour market and VET must be understood against a (negative) background of almost no support for VET as a distinctive academic field within the formal higher education system itself. Almost all university-based Schools or Faculties of Education focus exclusively on the public schooling system, thereby seriously neglecting a focus on the post-school system.

The SETA Research Chairs have made a strategic intervention to attempt to resolve some of these problems. They have pumped significant human and financial resources into these university-neglected VET research centres, providing greatly enhanced opportunities to do quality research on VET. This contribution cannot be minimalized – it is enormous - and ideally, the financial support should continue in the next period. A further benefit has been the provision of large numbers of bursaries available to Masters and PhD students enrolled for studies in VET. This has been a major development and will dramatically increase the number of expert VET researchers in the skills system in the future.

4.2.6.1.2 Challenges facing the Research Chairs

The establishment of these Research chairs was not without difficulty. The first problem experienced was insufficient clarity on what the primary objective of the Research Chair was to be. This lack of clarity existed on both sides of the agreement – university and SETA – and this made the initial tasks of the Research Chairs difficult. For example, one Research Chair indicated that the SETA wanted support for SSPs and data related to the TVET sector. When the Chair presented his own academic proposal regarding the research work he wanted to do, 'there was definitely a gap between what they were wanting and what I'd suggested' (Kraak, 2018a).

4.2.6.1.3 Academic or consultant work?

Some Research Chairs felt that the SETA had limited understanding of the academic process and sought further consultant research from the Research Chair (in addition to the consultant firm's work on the SSP). Some in the SETAs assumed that the Research Chair and the PhD students would be experts on their sectors within months of starting the research – sufficiently expert to address stakeholders in the sector. However, acquiring such expertise required significant time for research ideas and findings to finally coalesce – something the SETA did not understand (Kraak, 2018a).

4.2.6.1.4 Short-termism and a narrow perspective

Another problem allied to the above issue is the dominant short-termism of most SETA Research work. It must first be recognised that the SETAs were constrained by the government licensing them on a short-term basis, so they could never commit to anything beyond the period of SETA registration – which were normally one-or two-year contracts. Some of the SETAs would have liked to fund longer term projects but they simply couldn't legally do so. Clearly, this issue of longer-term sustainability needs to be addressed in the future research development strategies adopted by the SETAs.

4.2.6.1.5 Heavy administration load

Another problem for Research Chairs was the heavy bureaucratic workload that came with the Research Chair contracts. One Research Chair reminisces that what attracted him to the SETA-funded university post was to have a focused research-oriented position and to be able to have the space to think more deeply. In reality, it ended up being the reverse for him, with an impossible reporting regime to deal with – reporting to both the SETA and university.

4.2.6.1.6 Limited support from university administration

Some universities did not make matters any easier for the Research Chairs based on their campuses. Universities are very keen to get access to external income but are not as keen to take on additional HR responsibilities arising from the contracts signed. Contract staff have a difficult time in becoming incorporated within the wider university community. In addition, invoicing and making payments between the SETAs and the universities was extremely slow and bureaucratic. In short, contract employment is not a valid platform for the unfolding of a long-term academic career.

4.2.6.1.7 NRF opposition

The National Research Foundation (NRF) has expressed the most vocal opposition to the SETA adoption of the Research Chair idea. Much of this opposition is due to the fact that the SETA concept of Research Chair differs significantly from what the NRF's SARChi Chairs represent.

This review believes that the SETA support for research on labour market and VET issues in higher education institutions is a necessary and critical component of the overall skills system and must continue – but in a way which clarifies roles and types of research needed and which satisfies the NRF objection to naming these research positions as Research Chairs. A proposal is made in this regard in the final chapter of this report which deals with the recommendations to be made by this review.

4.2.7 Career guidance as a tool for planning

Career guidance is part of a suite of tools government can use to plan its skills supply. Governments therefore need to consider career development not only as an aid to an individual's career choice, but as a structural means for skills planners. For young people the failure to make the right career choice can have an immensely negative impact not only on their own life fulfilment – but also to the efficiency of the education and training system (Dieltiens, 2018).

4.2.7.1 DHET and SETA career services

DHET is playing a lead role within national government in developing an Integrated Career Development System. The policy provides for the establishment of a National Career Development Forum (NCDF) as a coordinating structure for stakeholders. The forum comprises the public sector (including the SETAs), the private sector and career-oriented NGOs. DHET is responsible for the overall coordination of the initiative in partnership with the Departments of Basic Education, Labour. Social Development and Public Service and Administration.

All the SETA career guides were examined in this review (Dieltiens, 2018). Most focussed on the 'individual' client and their individual career. Many guides are also informed by the drive to eradicate forms of race and gender discrimination in the South African labour market. Others emphasised steering new entrants towards scarce fields. In doing all of this, however, all the SETA guide books suffer from a rather narrow approach to career guidance, offering only the guides with little else in the form of comprehensive labour market support such as: (1) a more active approach to the labour market, which would require the SETAs to broker employment deals with employers and government development agencies for new entrants to move into jobs; (2) the development and implementation of career pathing systems, and (3), upskilling of employees so they can meet the demands of higher level jobs. A passive model prevails in the system, which is aimed at matching existing candidates to available job vacancies – resolving the information asymmetry but not resolving the bleak labour market which many employees face (Dieltiens, 2018).

4.2.8 Has a credible mechanism for planning been achieved?

The central question in this review is whether Goal I of NSDS III (Establishing a credible institutional mechanism for skills planning) has been achieved. The NSDS III document saw this mechanism as entailing national skill needs been effectively researched, documented and communicated to enable effective planning across all economic sectors. Other objectives of this Goal were that improved research and planning capacity was established within DHET to steer the planning process.

There seems to be general consensus that sector research has been strengthened and made more credible. Improved quality SSPs have materialised. Skills planning is now viewed as a more holistic process, entailing the improvement of entire systems of provision. The LMIP has contributed to this approach. The SETAs have also moved away from the 'tick-box' culture of formal compliance (reinforce by the SLAs) to "embrace more effective planning mechanisms which have led to the alignment of SSPs, SPs and APPs" (Kraak, 2018a).

There have been other improvements - moves towards an **integrated approach** to skills development across all three branches of DHET; A SPU proposed and subsequently launched; and a large community of researchers on VET formed.

However, having a good SSP or a centralised SPU within DHET do not instantaneously resolve the lack of capacity in DHET and the SETAs to **translate research** into planning, policy and implementation.

The reviews of the LMIP and the SETA-funded Research Chairs has noted that the research-policy nexus managed by DHET is poorly managed. There is a hope that an internal SPU will strengthen this key capability. This review is in agreement that a SPU provides a solid option for improved planning capacity within DHET, but it will have to meet at least two important riders for success: (1) the first is that the SPU will need to surround itself with a significant number of expert researchers and planners recruited externally who can help develop internal capabilities. Secondly, such a Skills Planning Unit should primarily serve to **better understand the demand side** and translate that understanding into effective demand-supply planning, policy formulation and implementation. It will require clear operational principles to do this demand-side work and not slip into the comforts of supply-side bean counting which appears to be the main activity imposed by the SLA system.

A comprehensive skills planning mechanism is understood in this review to incorporate a multitude of labour market planning tools – including econometric and quantitative tools, as well as more qualitative methods of identifying the underlying trends and changes occurring in all of the sectors of the national economy. Tracking methods to determine pathways to work should be more widely practiced, becoming a routine method across the entire SETA system of determining the impact of their training interventions.

A credible skills planning mechanism would also need to be better aligned to all of the other developmental initiatives of the state like SIPs, NDP and sectoral industrial policies. The capacity to integrate, interpret and translate this multitude of data into easy to interpret plans would then be critical. While much progress has been achieved towards these requirements, a credible mechanism of planning is not yet in place.

4.3 Institutional Capacity for Skills Development

WHAT THIS SUB-SECTION COVERS

This sub-section of the NSDS III review report investigates the extent to which South Africa has robust institutions which can implement the plans and policies developed in response to the framework set out by the NSDS III. The discussion first takes note of the concept of 'brokerage' as a way in which to interpret the role of SETAs and, ideally, the way they should operate.

The discussion then moves to examine the robustness of other key institutions in delivering skills development programmes – the TVET colleges, the universities of technology, the universities, private providers and the NGOs and community agencies working in the vocational training space. The discussion concludes with an overall assessment of the health of our education and training institutions.

4.3.1 Roles of skills development institutions

4.3.1.1 SETAs role in undertaking 'Brokerage'

The concept of intermediaries playing a 'brokerage' role is emphasised in much of the OECD literature on skills development and vocational training (OECD, 2012, 2013). It is a concept briefly mentioned in South Africa's skills development policy literature, but it has never been fully adopted as a means of operating SETAs effectively.

One of the major problems with South Africa's SETAs is that they were launched in 2000 and have now been operating for eighteen years, but throughout this entire period, there has been varied views but no certainty on how the SETAs should operate on a day-to-day basis. SETAs were set up and recruited staff (particularly the mid- to senior-strata) without requiring any expertise of the sectors they were about to work in, nor did the SETAs provide sectoral training to staff after recruitment. This has left a big vacuum within the skills system – the absence of sectoral expertise.

Limited research work has been done to specify the tasks of SETA officials beyond the all-powerful and over-determining role of the PFMA in enforcing financial compliance. Is achieving 'compliance' their major function? Answers from role players in the training sector to these questions do seem to suggest that the distribution of funding by SETAs and its 'compliance' with PFMA rules appears to be their main function (Kraak, 2018b; Engelbrecht, 2018).

4.3.1.1.1 Intermediation

Intermediation provides an alternative role to that of compliance in terms of what organisations such as the SETAs should be doing each day. It is about the strategic 'brokering' of training agreements/compacts. Intermediaries are organisations working in home-grown local 'networks' that bring together employers and workers, education and training institutions and private and public funding streams to implement pathways and bridges to career opportunities and employment for low-skill workers (Kraak, 2018b).

The more important intermediary role entails working on the 'demand-side' to reshape employers' demand for skills. This 'demand-led' approach throws up an entirely different set of interventions to those commonly associated with supply-side VET. It requires localised and regional interventions at firm level to support firm-level 'adaptive learning' – strategies to improve value-added and competitiveness. In South Africa, the passive 'compliance' role has had the negative effect of disallowing SETAs to perform a more active **brokering** function,

which would entail pulling together a range of actors around a negotiating table to forge agreements (social compacts) about education and training in local and regional settings. Part of such agreements would aim to **change demand-side conditions** which currently exclude vulnerable workers – for example, first-time entrants into the labour market who employers desist from employing. Brokerage can sometimes change such exclusion through negotiations. To broker such deals with employers, government agencies and NGOs, SETA staff would need some of the following intermediation capabilities: produce and utilise labour market intelligence; possess 'embedded' expertise of the sector; possess leadership that can accomplish 'boundary spanning'; possess 'dialogic capacity'; and provide a future 'vision' for the sector (Kraak, 2018b).

This NSDS III review interviewed a number of senior DHET and SETA staff to get their understanding of brokerage and the extent to which it has been effectively introduced into SETA work – if at all. The main conclusions emerging from these interviews were as follows:

1. Stakeholders interviewed saw SETAs operating primarily in a passive financial 'compliance' mode
2. SETAs did not exploit fully their 'intermediary' status as an organisation operating in-between employers and ET institutions
3. Opportunities for 'social compacting' declined dramatically under the Zuma administration and will need to be rebuilt from scratch.
4. Although there are pockets of innovative intermediation in the skills systems, it is clear that there are many obstacles to be overcome (Engelbrecht, 2018; Kraak, 2018b).

Notwithstanding the negative comments above, there are pockets of 'brokerage' excellence in the South African skills system. For example, merSETA has tried to play the role of 'Visioning' to provide an insight into manufacturing's future direction and the skills it would need. In addition, LMIP research foregrounded the role of intermediaries in three sector case studies: sugarcane growing and milling, automotive component manufacturing, and the Square Kilometer Array (SKA) sectoral systems of innovation. The research highlighted that public–private intermediaries play crucial roles in coordination; and that there is potential for public intermediaries to contribute more effectively to systemic functioning (Kruss et al, 2015; Petersen et al, 2016).

4.3.1.1.2 Centres of Specialisation (CoS)

The Centres of Specialisation (CoS) project – a relatively new initiative - represents a way in which 'brokerage' can be undertaken. The DHET's Special Projects Unit leads this initiative, with several SETAs, colleges, a wide range of employers and experts in 13 trades all participating. In this model of work, SETAs have to do something quite different to what was done in the past. The CoS has set three criteria for employer participation: (a) they must be within commutable distance of the college, (b) these employers must be prepared to work with the college and (c) they must also be prepared to work with the dual artisan system so that the learner will be rotating between the college and the firm. This form of intermediation is difficult to pull off – far more challenging and complex than the passive financial compliance model. However, it would appear that in many contexts this is the only successful way to get all the inter-dependencies underpinning cooperation, training and employment aligned and activated to deliver results.

4.3.1.1.3 Limited partnership, cooperation and trust

Unfortunately, there are powerful limitations on the extent to which intermediation and brokerage can successfully unfold. The work is difficult and complex, and there is insufficient trust in the system for employers to cooperate fully with state bodies. Approaches to partnership are narrow. One SETA interviewee noted that SETAs do not see employers as social partners with a common vision on human capital development - they see employers as levy paying organisations seeking to access the skills levy through mandatory and discretionary grants. The concept of 'partnership' in the SETA environment is defined by the rather restrictive 'Service Level Agreement' (SLA) or a Memorandum of Agreement (MoA) – a narrow and legalistic interpretation of the potential of partnerships (Kraak, 2018b).

4.3.1.1.4 New opportunities for brokerage and 'social compacts'

However, with the new political leadership - since 2018 – there is a renewed commitment to social compacting, a gradual introduction of more intermediation activities within the skills system is possible. This would require many new inputs, for example, building sectoral expertise, improving brokerage skills and sectoral 'visioning', and building trust. It a tougher route to traverse than the current passive compliance role of SETAs, but it is more likely to produce genuine results for all stakeholders – including trainees, SETAs, DHET and for the overall image of the skills system in this country.

4.3.1.2 Major changes introduced to strengthen TVET colleges

Having discussed the general function of brokerage as a characteristic of robust education and training institutions such as SETAs, the discussion now shifts to an evaluation of the robustness of TVET colleges to deliver on the goals of NSDS III. Colleges over the past decade have faced a wide array of reforms to transform themselves into more effective institutions for work-related education and training. This section will firstly discuss a number of institutional reforms that have been introduced to improve the workings of the TVET colleges, and secondly, it will look at a range of institutional problems which limit the work of the college system.

4.3.1.2.1 Promoting partnerships between colleges and industry

In building stronger partnerships between colleges and industry, some college leadership have displayed great institutional innovation in developing in-house capacities to network with employers and broker training deals to the benefit of the college and trainees. Such 'external interface strategies' refer to the mechanisms and strategies used by college leadership to interact with external organisations. College interviewees claimed that in order to be successful, the college external interface with industry must be undertaken by persons with a thorough understanding of the college academic enterprise, able to involve the college operational managers, and also able to engage with industry at the highest level and having the business acumen to understand the employer's perspective (Scott, 2018).

One such mechanism are local stakeholder forums such as the Provincial Skills Development Fora, located in the office of the provincial Premiers. These fora have wide representation of stakeholders, allowing colleges to link to a range of employers and funders, to the benefit of provincial projects, strategies and targets. Other useful external fora include provincial committees dedicated to work integrated learning (WIL).

In a best-practice initiative, Orbit College has built its external interface strategy through the establishment of a *Business Development & Innovation Manager*. The main function of this position is to network and scan the market looking for new opportunities (Scott, 2018).

4.3.1.2.2 Establishing SETA offices on TVET college campuses

The Lead-SETA/TVET college office initiative was announced in 2012 with the aim of consolidating and augmenting TVET College-SETA collaboration towards the achievement of NSDSIII aims. It was intended that a key focus of this collaboration would be occupationally-directed programmes. Colleges were encouraged by DHET to work with SETAs, and to offer greater scope in their programme offerings. In doing this they were required to apply for SETA training opportunities in the same way as any other training provider. Some of the colleges have done this, but the initiative has been more dependent on SETAs than on the colleges. Interviewees suggested that some SETAs approached the colleges purely as a consequence of their NSDS III obligations, simply handing over funding to the colleges at the end of the financial year, leaving the colleges with the responsibility of dealing with it. In many such cases, the colleges appoint private providers to deliver the training, reducing the college role to that of middleman (Scott, 2018).

Whilst there are some success stories, in the majority of cases these SETA offices on TVET campuses have not been successful. While colleges and SETAs need to have a common interest in particular programme areas, there is also the need for liaison between SETAs, which has been insufficient to enable the offices to provide the hosting college with the requisite engagement across the skills system. The responsibilities of the office need closer definition, and the level and capabilities of the person allocated need to be defined to include an education and training background, with management and industry experience (Scott, 2018).

4.3.1.2.3 The marginalisation of SETA-funded occupational training

A major institutional problem facing the college sector is the separate funding and employment regimes for Ministerially-approved programmes (essentially NCV and NATED courses) and occupational programmes (largely funded by the SETAs and other private funding). This decision was made in 2006 with the passing of the 'National Norms and Standards for Funding FET Colleges' amendment to the FET Colleges Act (Act No. 16 of 2006).

These Norms and Standards explicitly encourage the 'selling' of services to the private sector as a way of making the institutions more responsive and innovative. However, this dual funding arrangement presents several difficulties. Colleges tend to run their DHET funded programmes and occupational programmes as separate operations, with staff for the latter appointed on fixed term contracts, thereby creating two different organisational structures within a single institution. Because of this, many colleges de-emphasise their occupational training to such an extent that enrolments for occupational programmes (including learnerships and apprenticeships) have remained relatively flat throughout the period of the NSDS III at between 20 000 to 27 000 trainees per annum – an incredibly low level of occupational training, when compared with the 200 000 annually funded learners in the skills system and with the 700 000 engaged in NCV and Nated programmes in the colleges.

4.3.1.2.4 Reviving the apprenticeship system

One of the most successful institutional reforms in the entire NSDS III has been the revival of the apprenticeship system. The process of rebuilding the national artisan development system, began in 2010 with the establishment of the National Artisan Moderation Body (NAMB). A 7-step process to becoming an artisan was defined, allowing progression routes from: (i) the traditional NATED certificates, (ii) the relevant engineering NCV Certificate at NQF level 3; (iii) a technical Grade 11 with specified subjects; and (iv) the relevant N6 certificate or National Technical Diploma. The occupational knowledge and practical learning component were defined as the practical application of the theory component of learning in a training centre. Other steps include workplace learning and trade testing. Colleges have contributed to this revival process in partnership with SETAs.

4.3.1.2.5 Limits to change

The success of the above-mentioned institutional innovations has not been enough to turn the college sector around. There are some best practices demonstrated by the leading colleges and projects. However, these capabilities are not widespread across the system.

Another major limitation to the institutional reform process is that employers still continue to want to work with private providers rather than the public TVET colleges. This on-going reluctance may be due to the fact that college programmes are outdated, as well as the slow pace of the state to review the curriculum and develop staff to the level that they can teach programmes required by industry. The replacement of the NATED qualifications by those of the QCTO was eagerly awaited by the college community – particularly the requirement that colleges collaborate with industry in developing these qualifications - since a large complement of the qualification consists of in-service exposure. However, the slowness of the QCTO to launch these occupational qualifications has demoralised the sector.

Another factor that discourages industry from using the TVET colleges to deliver skills development programmes is the state of the facilities and equipment on which training will be delivered, '*much of which is 40 years old*'. Technology in industry is evolving at a faster rate than the TVET Colleges can keep up with, and the situation is aggravated by industry's preference to work with private training centres rather than work with the public TVET colleges (Scott, 2018; Ward, 2018).

4.3.1.2.6 No infrastructure spend

Infrastructure is a significant capacity issue for TVET colleges. Infrastructure funding was provided between 2006 and 2009, and thereafter no earmarked infrastructure allocation has been made from voted funds. The NSF has therefore stepped in with funding. Given the pace of technological development, college infrastructure is now 'old'. A second aspect in relation to infrastructure is expansion of student enrolments, which require increases in college laboratories, classrooms and workshops. Since 2010 the college enrolments have almost doubled without the required level of investment in additional infrastructure and maintenance[5].

[5] Interview with a senior official in the FET branch of DHET, Pretoria, March 2018.

4.3.1.3 NSF capacity

In the past the NSF had very little capacity. The NSF that was inherited from the Department of Labour typically invited applications and those applying for funds would include project management costs. Very limited internal capacity was in place to monitor or intervene in funded projects. In changing direction, the NSF put in place a review process that resulted in a new organogram that include both increased financial management capacity, including improved and strengthened supply chain management capacity, and increased programme and project oversight. There are now Director level posts overseeing programmes in provinces and who will be able to address many of the monitoring and data management challenges that the NSF has had in the past and which have created challenges in obtaining implementation data during this evaluation. Much more hands-on support can be given now to NSF-fund recipients to put in place effective project management and reporting. For example, the NSF is currently funding workshop construction and equipment needed for the 13 priority artisan trades to be delivered in Centres of Specialisation. At a critical stage when contract documents were required, the NSF was able to send officials to all the colleges involved and give hands on assistance. This would not have been possible in the past and this now provides the skills system with a well-resourced structure that is capable of overseeing the allocation of the large sums of money and accounting for it in a manner that has not been possible in the past.

4.3.1.4 Universities of Technology

The distinctive role of UoTs have generally been neglected in the debates about the contributions of the post-school system with universities getting most of the attention, and with the UoT mimicking what universities do so as to more positively reposition themselves. However, the logic of mimicking and its accompanying academic drift is flawed. UoT are more important than ever to the new economy worldwide – they should not be trying to mimic academic universities (Kraak, 2018c).

South Africa, along with many other countries in the Anglo-Saxon world, chose to reduce 'polytechnic' provision over the past two decades, primarily through institutional mergers and incorporations. These changes could not have come at a worse time, as skill requirements in the global economy have changed dramatically. These global changes have suggested that polytechnic (the term used internationally to refer to applied technical institutions in higher education) provision has become more important now than ever before. In fact, the current period has witnessed a dramatic shift globally in the demand for TVET towards tertiary (or post-school) levels rather than at the secondary (school- or college-based) level. A diverse range of countries such as the Netherlands, Finland, Ireland, Portugal and Singapore have witnessed a major ramping-up of TVET in the past two decades, especially tertiary TVET (applied higher education) alongside a strong economic emphasis of moving up the global production value chain. The shift to tertiary TVET is a response to the demand for higher-order applied skills which only a degree-awarding polytechnic sector (not a college sector) can provide. Good tertiary TVET systems have two important dimensions. The first is that there are large-scale enrolments in the higher education system (usually greater than 50%) in applied and technical programmes offered at (our) NQF levels 5 and 6; and secondly, that there are pathways into applied and technical degree programmes in these polytechnic-type institutions, **and** highly flexible progression pathways in the higher system to allow progression into traditional universities. This is exactly how the Dutch, Finnish and Irish higher education systems work (Sung, 2010; Kraak, 2013).

In the Dutch system, vocational education comprises 16% of the total schooling system, but 35% of the secondary schooling system. Higher professional education – applied or polytechnic higher education - comprises 62% of all post-school tertiary training. In short, the vocational post-school system is large in the Netherlands, larger than the academic track (Kraak, 2018c).

The changes described above reflect an end to the prioritization of secondary TVET in many countries globally at the school and college levels. Secondary education of course continues to be necessary, but one of its main roles is now to serve as an important conduit into tertiary TVET. Increasingly in countries such as the Netherlands and Finland, secondary VET is not a terminal track or an exit point, but a route to higher applied learning in polytechnics (Kraak, 2018c). In contrast to these global shifts, South Africa remains stuck at trying to fix the problems of secondary TVET offered by its poorly performing TVET colleges.

4.3.1.4.1 Core data on the UoT sector

There was significant growth of Technikon graduates from 1988 (only 8580 mostly white graduates) until 2000 (with 21 221 graduates, mostly black). However, this growth phenomenon as a percentage of total higher education graduations has remained fixed at around 24% - suggesting a rather weak production of applied technical capability needed in the economy (Kraak, 2018c).

The period 2004-2005 saw dramatic changes to the higher education landscape – with many mergers and incorporations across the system. Six UoT were formed through this process and two comprehensive institutions which incorporated Technikon functions alongside university-type academic provisioning. Notwithstanding these important institutional changes, graduations from the six UoT in 2015 as a percentage of total higher education graduations has remained fixed at around 24%. There is no expansion in percentage terms of applied technical capabilities in the higher education sector.

The most important qualification offered by the old Technikon system in the past was the three-year National Diploma qualification. It still remains the dominant qualification form in UoT but over the past two decades, the four-year Bachelor of Technology degree (BTech) has grown in prominence. HEMIS data on the National Diploma show that graduations in 'Business, Economics and Management Studies' are by far the largest category (36.8%) followed by Engineering Studies (21.2%), Public Management (9.1%) and ICT Studies (6.7%). The fact that applied engineering studies is only 21.2% of all graduates emanating from the UoT is problematic for a polytechnic type institution. Although the growth patterns of the BTech over the past five years may appear reasonable – with 12 650 graduations in 2015 – the share of BTech graduates as a percentage of total higher education graduations is around 6% (Kraak, 2018c).

Similarly, the specifically Engineering component of the overall BTech programme is small. HEMIS data suggests that only 2 239 graduates in 2015 out of a total of 12 650 BTech graduates did engineering across the six UoT – amounting to 18% of all BTech graduates. This is an extremely low progression pathway for engineering into degreed tertiary TVET if compared internationally. It suggests a very weak engineering or applied/technical 'character' associated with these universities of technology.

4.3.1.4.2 The importance of polytechnics (UoT) in the new economy

Transformation in the polytechnic sector globally has been driven by a changed mode of interaction with other key stakeholders in society. This refers specifically to a new applied Research and Development (R&D) focus allocated to polytechnics, and the encouragement of polytechnic's active participation in local and regional economic development – an industrial policy approach which is lacking in South Africa.

The changed role for polytechnic type institutions – certainly in the Dutch, Finnish and Irish cases – arose as part of the new interactive dynamics driving leading national economies. Contrary to the conventional logic that globalisation involves the weakening of the boundaries of local, regional and national economies and in so doing privileges the cross-border powers of multinational corporations, work done by economic geographers and evolutionary economists (See Amin and Roberts, 2007) over the past two decades has critiqued this proposition and has proposed a new economic logic which now dominates much public policy dialogue - particularly in the OECD (2012, 2013). This logic argues that 'location' still counts, and that local and regional economies are critical to national growth strategies. Understanding this shift in the dominant economic logic globally is important as it has a number of implications for the polytechnic sector (Kraak, 2018c).

It is in this new economic context that polytechnic (together with college) education institutions have a critical role to play. The polytechnic is a key institution in the wider cluster or city-region that plays a critical and distinctive role in processes of localized knowledge formation and sharing, working alongside firms and other co-located players such as intermediaries and private training academies, to promote the locality or region's economic well-being. These economic changes have resulted in a very important redefinition of the role of polytechnic-type institutions. Whereas previously, polytechnics were not involved in research activities, in today's conception of a polytechnic, applied R&D is a critical function, often defined in regional settings and in partnership with industry and government (Kraak, 2018c).

4.3.1.4.3 The demise of the Technikon sector in South Africa

It is clear that a number of problems have emerged within South Africa's universities of technology sector. This review considers these UoT problems significant and the new NSDS IV will have to play a more determined role in building and growing tertiary-level TVET.

4.3.1.5 Universities

Universities are the most autonomous of ET institutions, and are not subject to the goals of the NSDSIII in the same way that the SETAs or Colleges are. In previous national skills development strategies, the contribution of universities to skills development was not prioritised at all, except for concerns about scarcity in certain professional fields such as engineering, accounting and medicine. This autonomy is a universal feature of institutions of higher learning across the democratic world. It allows the universities to become strong self-directed institutions, choosing on the basis of academic criteria to prioritise certain fields and not others.

Having stated this important caveat to higher education's role in skills development, there have been important contributions from the skills system towards the overall health of the higher education system. Three developments come to mind: the first are the SARChi Research

Chairs managed by the NRF but funded by the NSF; secondly, the SETA-funded Research Chairs in labour market and VET studies (which was discussed in an earlier section); and thirdly, the NSF's investment in a number of higher education programmes.

4.3.1.5.1 NSF support for Higher Education

The main process adopted by the SETAs and the NSF to support post-graduate research and innovation in higher education institutions is through funding research programmes (e.g. specific research grants and bursaries for masters, doctoral and post-doctoral study), academic capacity development, infrastructure development and the provision of equipment.

Between 2011 to 2016 the NSF allocated R5.216 billion towards funding students (including post-graduates) at state universities across the country. This equates to 18,000 students on average per year. In a review of NSDS III in 2013, it was reported that the NSF funded R798 million in support of masters studies, R273 million for PhD study and R38 million for post-doctoral bursaries (DHET, 2013). This is a significant contribution to higher education.

4.3.1.6 Private training providers

The introduction of NSDS III in 2011 witnessed an important shift in government policy regarding the role of private providers in the skills system. NSDS III argued for a shift in the way in which SETAs funded training providers – away from private training firms towards public colleges and universities. Previously, in NSDS II, almost 95% of funds for training went to private providers and little to the public post-school sector. In this review, some stakeholders have argued that the pendulum has swung too far in the opposite direction, starving the private training sector of any chance of earning a livelihood (Ward, 2018). This review has found no strong evidence of a collapse or narrowing down of private providers because of this funding curtailment. However, many private providers have shifted focus to not only offer training, but more importantly, to provide a wider basket of business services to private sector clients.

The redirecting of funding to public TVET colleges has had its own unforeseen consequences – many colleges have not been equipped to offer occupational programme themselves (as discussed earlier) and have outsourced the work to private providers. In other instances, there have been interesting public-private partnerships between private firms and TVET colleges to undertake training jointly. The building of Eskom's Medupi power Station is a good illustration of this. In this example, Eskom partnered with Murray and Roberts to strengthen artisan training through support to the local college area, Lephalale TVET College, and through the building of a brand-new private training centre and workshop on the college premises. Since 2008 the partnership has trained 789 artisans (65% from the local area) and put 1 536 Medupi employees through various skills development programmes (Mathonsi, 2018).

One of the lessons learnt from both these public-private collaborations is that these private training centres bring advanced technology and expensive equipment the public colleges would not ordinarily have been able to afford using college or DHET funding. Another lesson is that an appropriate balance is needed in SETA financial support for both private and public training providers, and ideally, for public-private collaborations (Mathonsi, 2018).

4.3.1.7 The intermediation role of NGOs

This review has found evidence of excellent training provision and brokerage performed by community partners, some with NSDS money, others funded outside of the skills levy system. The wider NGO community should be more strongly included in the future NSDS strategy as their work is generally well regarded. Marock (2015a, b, c) has done extensive work on how NGOs such as Harambee and the Mr Price Foundation have successfully prepared and transitioned unemployed young people through training, mentoring into work and after-care. These NGOs play a critical alignment role here, of clarifying for young employees what is required of them in the workplace. Structuring 'newcomer socialisation' in this way helps youngsters stay the course and slowly rise up the occupational ladder. Once they have a foot in the system, they have resolved the major social crisis afflicting most youngsters – of getting their first job.

These NGOs also broker training and employment deals with employers. They negotiate and persuade employers who initially are reluctant to employ unemployed youngsters who have no experience of working life. NGO staff play a crucial 'go-between' role by approaching prospective employers for support to host short-term work-experience internships and to recruit trainees for longer-term employment. They continually gather information on the world of work and adapt their training strategies as demand conditions change.

NGOs liaise with employers about their satisfaction levels with the new employees and often embark on adjustment interventions to improve their 'fit' on the shop-floor. Without these structured transitions, many first-time workers would not keep their jobs. SETAs would significantly further the cause of training employed workers and unemployed youth by partnering with these NGOs and giving explicit support to their intermediation method of job placement, mentoring and after-care. Closer relations need to be built between SETAs and NGO employment and training intermediaries in the future (Kraak, 2015; Dieltiens, 2015).

4.3.1.8 Community partnerships

This review of NSDS III has emphasised the importance of partnership and collaboration among stakeholders to provide training services to beneficiaries. NSDS III makes a specific call to include community organisations and members of beneficiary communities in initiatives aimed at skills development and employment. Community partnerships are also about private, civic and state-funded organisations coming together to bring a wider array of development expertise to jointly promote training and employment initiatives for beneficiary communities. One best-practice example of this is the 'Amanzi for Food' programme and its learning network called the 'Imvotho Bubomi Learning Network'. It won an award for best community partnership in 2017 from the Mail and Guardian's annual showcasing of best practice in the community development sector (Tshuma, 2018).

The Amanzi for Food programme is a Water Research Commission (WRC) funded project which was led by Rhodes University 's Environmental Learning Research Centre (ELRC) from 2013 to 2016 to undertake the task of developing an action-oriented strategy for knowledge dissemination and training skills development for water use in household gardening and rain water harvesting for cropland food production for smallholder farmers and food growers in

South Africa. The project aims to capacitate Agriculture College lecturers and emerging farmers in the Eastern Cape on rain-water harvesting and conservation for teaching and farming purposes respectively.

The project produced very good outcomes for members of the rainwater-harvesting network, with many emerging farmers acquiring new farming techniques which have enhanced food production. The development of Extension Officers by Agricultural Colleges has also been enhanced through this community partnership.

4.3.2 Overall assessment of Institutional Capacity

It is evident in this review that the shift to redirect SETA funding towards public TVET Colleges, UoT and universities has strengthened and grown a range of capabilities in these three types of public institutions, which has been a positive outcome. However, significant efforts have been put into TVET Colleges, but without visible success, with many of the problems faced in 2011 still evident in 2016 and after. With regard to the SETAs, these institutions have been repositioned by the new emphases on partnerships with colleges and universities, on promoting WIL, and on the production of quality SSPs. However, significant weaknesses still continue within the DHET and the SETAs – which unfortunately have a domino effect across the entire post-school system – in their inability to develop in-house planning, research and analytical skills to drive the institutions of the skills system. The steering role of DHET (which has regulatory power) and the SETAs (who govern the money in the system) cannot be under-estimated. If they cannot steer, the system itself will not move in the right direction.

4.4 Funding

WHAT THIS SUB-SECTION COVERS

This sub-section of the evaluation looks at the funds available for skills development over the 2011-2016 period. It starts with a discussion on the skills development levy income, which is followed by a discussion on the income received by the National Skills Fund and how this was disbursed over time. Specific attention is given to the changes between NSDS II and NSDS III in relation to the NSF spending. This is followed by a discussion on SETA discretionary funds committed and disbursed. Specific attention is given to the Admin cost of SETAs and how it changed overtime, also looking at the average cost per employee. The section ends with a discussion on funding in relation to public service skills development.

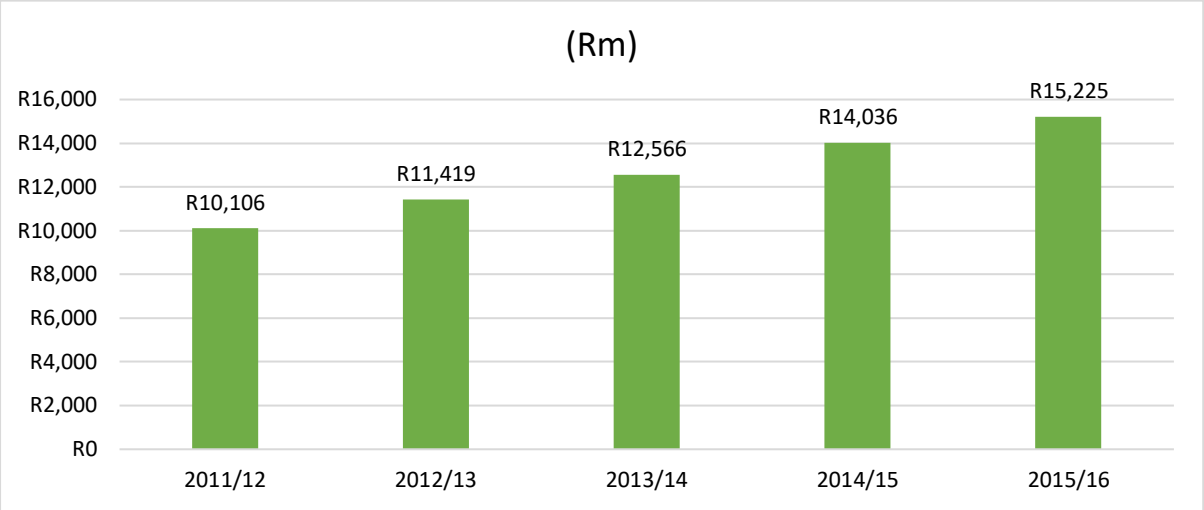
4.4.1 Introduction

The skills development levy (SDL) brought in an income of about R63 billion over the period 2011 to 2016. Of the R63 billion received from 2011-2016, over R50 billion went to the SETAs and over R12 billion to the NSF. The levy income consistently attained annual increases above inflation, with an overall increase of 51% from about R 10.1 billion in 2011/12 to R15.2 billion in 2015/16. In addition to levy income, SETAs and the NSF generate investment income and other income for invested reserve funds

This compares with just above R59 billion annually for Universities and just over R10 billion for public TVET colleges. Although some stakeholders, including Cosatu, have consistently motivated for the amount to be increased from 1% of employment costs to a higher

percentage, the majority of stakeholders do not support that position. The general consensus is that more can and must be done with the available funds.

Figure 4-2: Skills development levy income



Source: National Skills Fund report to Minister, 2018

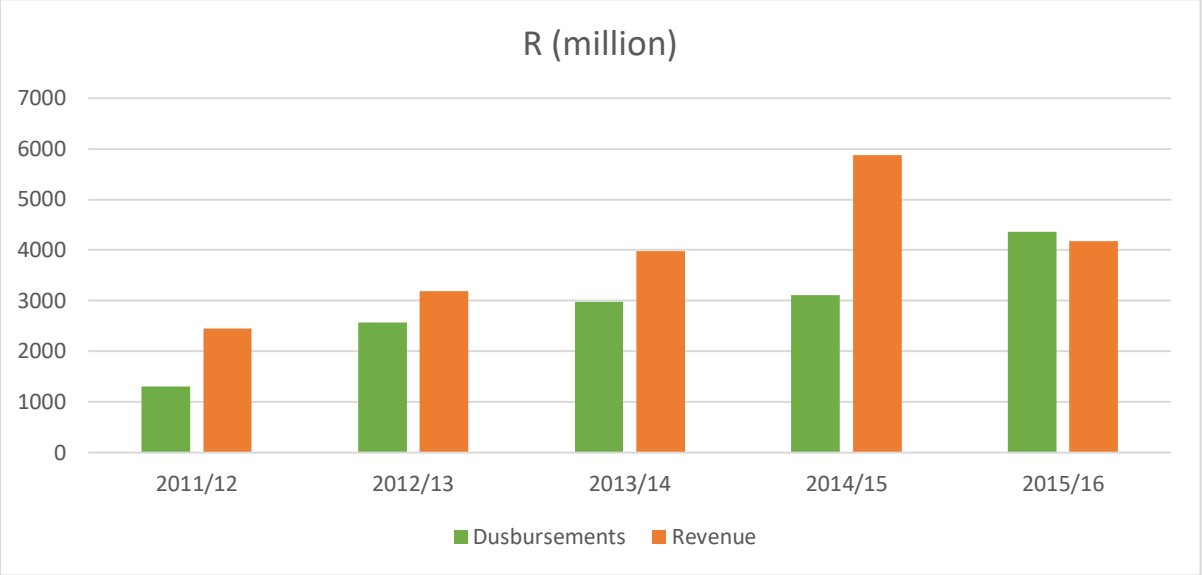
In addition to the funding that employers and others obtain from the SETAs in the form of grants there are various incentives in the form of tax concessions for registering and completing learnerships and apprenticeships. The National Treasury reviewed these incentives and decided to continue with them. These have been important as they amount to an additional R2 billion a year and employers have clearly taken advantage of this, whether they receive funding from the SETAs or not. BEE legislation and the earning of BEE points for skills development has also assisted. The combination of SETA grants, tax incentives and BEE points have combined to be an effective incentives framework for learnerships and apprenticeships.

4.4.2 The National Skills Fund

Traditionally the NSF received 20% of the levy income in order to fund skills development for those that were unlikely to benefit from grants paid to employers. The focus was non-levy payers, youth, women, people with disabilities and people living in disadvantaged rural areas. With the adoption of NSDS III the fund was given responsibility for funding “national priorities” and so there was a shift in focus. It also took on the role of “catalyst”, funding various projects at the start-up phase with a view to them being funded from voted funds in the medium term. The NSF was explicit in its intention to fund initial start-up costs but not fund personnel and other ongoing costs on a permanent basis. The intention was to enable the state to drive key skills strategies as well as to meet the training needs of the unemployed, non-levy paying cooperatives, NGOs, community structures and vulnerable groups.

The NSF received a total of R 19 billion in revenue between 2011/12 and 2015/16. This was made up of 20% skills levy revenue as well as additional revenue received from SETAs. At the beginning of the 2011/12 financial year, the NSF had R6.5 billion in accumulated reserves. By 2014/15, as a result of additional income from the SETAs, the accumulated reserves had peaked to R 11.2 billion before declining slightly to R 10.8 billion in 2015/16.

Figure 4-3: NSF revenue and disbursements



Source: NSF ministerial MEMO, 2018

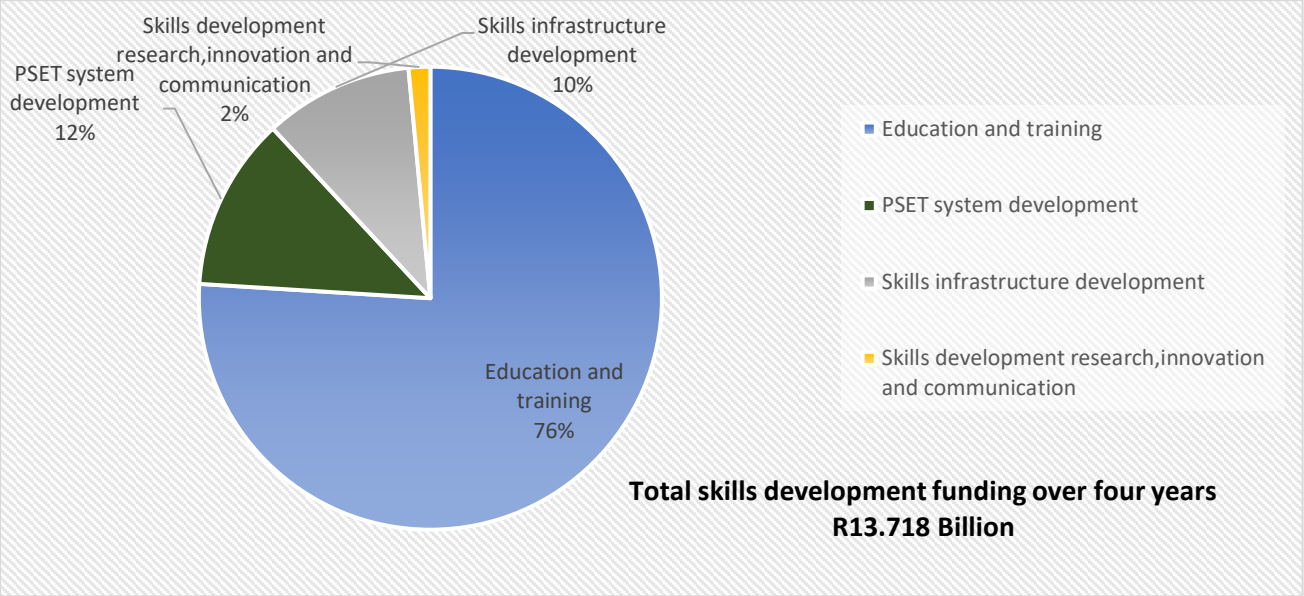
Since 2011, the NSFs skills development grant disbursements increased significantly each year from about R1.3 billion in 2011/12 to R 4.3 billion in 2015/16. In total, about R 14 billion was disbursed by the NSF over the period under review. This was spent on various programmes.

The 2010/2011 report on NSF spending during the period 2006 – 2010 shows that social development initiatives and Adult basic education made up nearly 50% of total spend, with critical skills support accounting for 25% of spend. In 2011 the NSF set out to fund, and categorised spending as being on, four sub-programmes:

- Education and training;
- PSET system development and capacity building;
- Skills infrastructure development; and
- Skills development research, innovation and communication.

The Figure below presents the total skills development funding for the NSF over a four-year period, between 2012/13 and 2015/16.

Figure 4-4: Skills development funded programmes 2012/13 - 2015/16



Source: NSF Briefing notes to the minister, June 2018

The annual spending in each of the programmes has been analysed and the following is a description of what has been funded in the four programmes.

Education and Training programme

This funding mainly consisted of bursaries being awarded to learners in the university sector, learners being funded for workplace-based learning in the different workplace sectors, learners funded for occupational programmes in the TVET college sector, and worker education. It was not possible to analyse spending in 2011, 12 and 13. However an analysis of spending in 2014/15 and 2015/16 reveals the following.

Table 4-1: Education and Training Programme

Education and training	2014/15	2015/16
University sector (Bursaries)	R1 104 033 000	R1 562 173 760
TVET college sector	R525 210 000	R446 335 360
Workplace based learning sector	R689 983 000	R753 190 920
Worker education		R27 895 960
Total	**R2 319 226 000**	**R2 789 596 000**

Source: National Skills Fund annual performance plan 2016/17

The NSF disbursed R2.7 billion towards bursaries for university and university of technology students for undergraduate and post-graduate studies. This was mainly intended to support students studying in scarce and critical skills areas. However, no details were available from NSFAS to determine whether in fact the recipients were studying in scarce skills occupational programmes. The impression gained from interviews with NSFAS was that NSFAS viewed the NSF and the SETAs as a source of funds for deserving students.

The NSF also funded bursaries as an intervention to increase the pool of skills needed in the country using the National Research Foundation (NRF) to disburse funds. This funding was much more targeted and included funding for students studying with research chairs that were also funded from this programme. Other bursaries funded by the NSF include international scholarships, South African Institute for Charted Accountants (SAICA) and African Institute for mathematics science (AIMS).

In addition to the budget committed to the university sector, the NSF disbursed R971.5 million towards the public TVET colleges. This amount funded learners who could not be funded from voted funds (the so called “over enrolment”) and unemployed learners in occupational programmes such as learnerships, skills programmes and some apprenticeships. Again, it was impossible to verify that these funds were spent on actual learnerships. NSFAS again appears to have treated this as income for funding the huge demand for bursaries and expenses for the expanded number of NCV and NATED students in mainstream TVET college programmes. During the period 2011-2016 the TVET student population increased from 400 000 to 700 000, mostly young people from poor backgrounds. The NSF is acknowledged as having made it possible to provide a significant proportion of these students with the means to pay the fees and sustain themselves during their studies.

About R1.4 billion was disbursed towards workplace-based learning initiatives, as well as skills programmes. This consists of, amongst others, projects with Government Departments, artisan development with State Owned Enterprises (SOEs), the Work-Integrated Learning Programme and other projects related to SMME and co-operative development, rural development and oceans economy. This was part of the attempt to achieve the broader goal of addressing the national key imperatives. On the SMME and co-operative development, the NSF funded Letsatsi co-operative development programme with a total funding of R163 million (NSF, 2015/16). The project ran over three years from July 2012 to June 2015.

PSET system development

The NSF disbursed a total of R3.2 billion towards PSET system development between 2011/12 and 2015/16 and R1.7 billion between 2014/15 and 2015/16. For example, during the 2014/15 financial year, the NSF invested R19.5 million towards strengthening the South African artisan development system on a national, regional and local level, as the country embarks on a drive to produce significantly increased numbers of qualified artisans (NSF, 2014/15). R3.1 million was disbursed in 2014/15 towards establishing central application services for entrants into the PSET system to enable the processing of applications into university undergraduate programmes, TVET colleges and workplace learning programmes (internships, cadetships, apprenticeships, etc.).

Skills infrastructure development

The NSF disbursed a total of R1.4 billion towards skills infrastructure development. During the 2012/13 financial year, the NSF invested R167.9 million towards infrastructure development, R124.8 million in 2013/14 and R528.8 million in 2014/15. Of this funding the NSF disbursed R223.1 million towards the development and refurbishment of the 16 TVET college campuses (12 new and 4 existing campuses), with a R2,4 billion commitment remaining (NSF, 2013/14).

Skills development research, innovation and communication

Throughout the NSDS III period, the NSF invested a total amount of R207 million towards research, innovation and communication. During the 2014/15 financial year, the NSF invested R53.8 million in research which covered the R11 million allocated for skills legislation review through the NSA, research on the implementation of transformation, social cohesion and the elimination of discrimination in the PSET system (R5.9 million), labour market intelligence research costing R6.7 million and research conducted through ministerial task team on the recognition of prior learning, African languages in Universities, SETA's, university funding review and Community Education and Training Centres (CETCs).

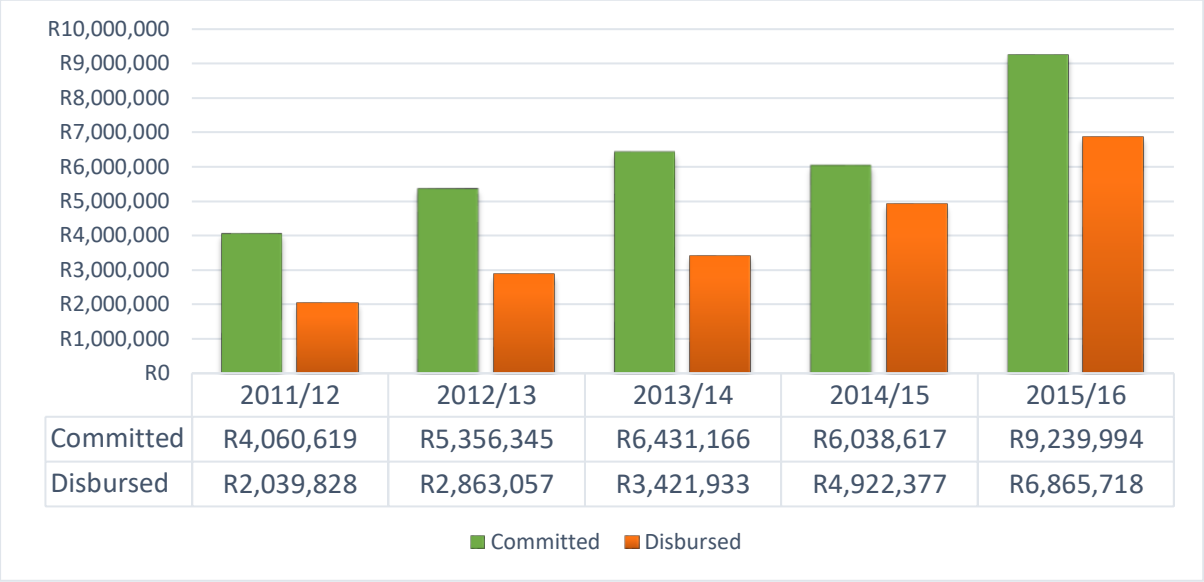
4.4.3 SETA Skills development funding

There was just over R50 billion received by the 21 SETAs as levy revenue between 2011/12 and 2015/16. This revenue is meant to be spent according to an allocation formula spread between administration, mandatory grants and discretionary grants. In addition, any additional investment income or unspent mandatory or administration funds are transferred to discretionary funds. Of the total available funds over the five-year period, the SETAs spent about R6.3 billion on administration costs, disbursed about R14.5 billion in mandatory grants and R 20 billion in discretionary grants, leaving about R 13 billion in reserves at the end of the 2015/16 financial year.

Each financial year the SETAs received and sought to commit available discretionary funds on projects. Committed discretionary funds increased from about R 4 billion in 2011/12 to R 9.2 billion in 2015/16, a 128% increase. In total they made R31 billion worth of discretionary commitments between 2011/12 and 2015/16.

At the beginning of NSDS III there were concerns raised about the SETAs inability to commit and disburse the available discretionary funds in an efficient manner. The uncommitted surplus was increasing each year and this was a cause for concern as it meant that the funds available for skills development were lying idle in SETA investment accounts. As a result, the 2012 SETA grants regulations were introduced, amongst other things to improve efficiencies by transferring any uncommitted surpluses in the discretionary funds to the NSF. It has to be noted that the Grant Regulations have been the subject of a partially successful legal challenge. Business Unity South Africa (BUSA) took the Department to court over the reduction of the Mandatory Grant from 50% to 20% and the transfer or surpluses to the NSF and the court set aside the regulations as unlawful. However, the strategy of using the regulations to shift spending to align to NSDS goals was not challenged and so the conclusion remains that these were an effective mechanism.

Figure 4-5: SETA discretionary funds committed and disbursed



	2011/12	2012/13	2013/14	2014/15	2015/16
Committed	R4,060,619	R5,356,345	R6,431,166	R6,038,617	R9,239,994
Disbursed	R2,039,828	R2,863,057	R3,421,933	R4,922,377	R6,865,718

Source: DHET Public Entities, 2018

In the first three years of NSDS III, the SETAs were disbursing about 53% of committed discretionary funds annually. This increased in 2014/15 and 2015/16. The increases were however not purely as a result of improved performance of skills development programmes. The following funds were transferred to NSF between 2013/14 and 2015/16

- 2013/14: R1.078 billion transferred to NSF for construction of the additional TVET college campuses.
- 2014/15: R2.586 billion in uncommitted surpluses transferred to NSF
- 2015/16: R364 million in uncommitted surpluses transferred to NSF

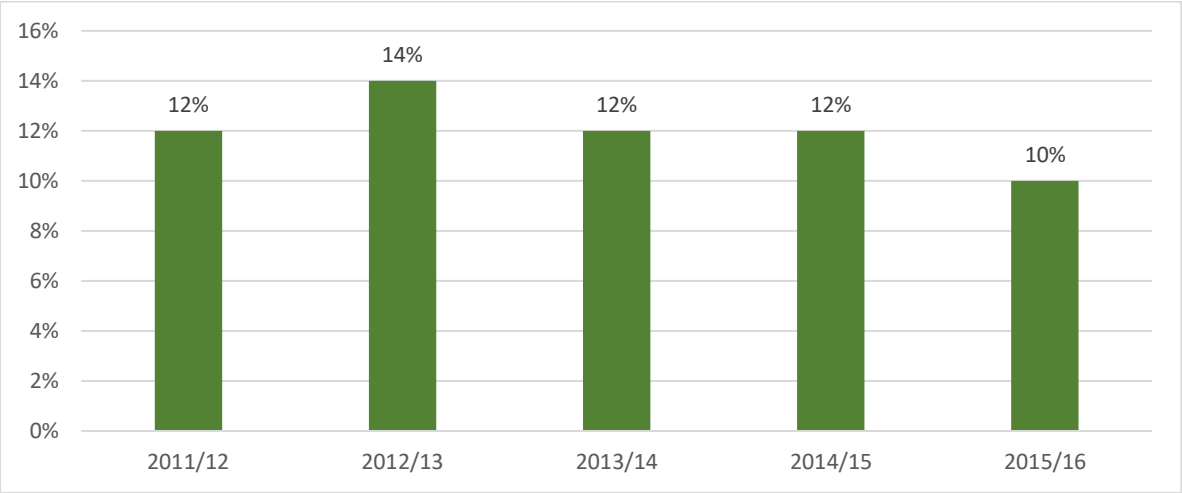
After the sweeping of uncommitted surpluses to the NSF in 2014/15 and 2015/16 totalling almost R2.9 billion, there was an improvement in commitment of funds by SETAs. At the end of 2015/16, about 97% of all discretionary reserves were committed leaving an uncommitted surplus of R 450 million.

The key intervention, or policy lever, to align funding to NSDS III was the SETA Grant Regulations of 2012. SETAs were required to develop PIVOTAL programme lists, that address well researched scarce skills occupations, and 80% of discretionary funds would be allocated to these. Discretionary funds were increased by reducing the amount given to employers in the form of mandatory grants. The Grant Regulations have resulted in an increase in funds allocated to programmes that address either full occupational qualifications or programmes that enable qualified people to gain employment in their chosen profession or occupation. Shorter skills programmes have been deliberately reduced as a priority, something that has been mainly welcomed, but is challenged by many employers and some trade unions who feel that it has resulted in less training for employed workers. Nevertheless, the Grant Regulations can be regarded as a successful lever for achieving NSDSIII outcomes.

4.4.3.1 Admin costs

The funding for administrative expenses is derived from 10.5% of the total levies paid by the employers. The 10% portion is dedicated to the administration expenses whilst the 0.5% portion is transferred to the QCTO. The 10% portion is used to cover all operational expenditure (such as for salaries, rental, insurance, legal and accounting costs, etc.) incurred by the SETAs in delivering on its mandate. The total administration costs across all SETAs was about R6.3 billion.

Figure 4-6: Proportion of levy income spent on Admin cost



Source: SETA Annual reports, 2011/12 to 2015/16

Over the five years under review, about 54% of total administration costs were spent on employee costs. Total cost of employment increased from R686 million in 2012/13 to almost R 900 million. The increase in cost of employment has consistently been above inflation, with the exception of 2012. As levy income increased, the total number of staff also increased, and as total number of staff increased, the average cost of employment increased from about R 393 thousand per employee in 2013/14 to R 455 thousand per employee in 2015/16 (Table 4-2).

Table 4-2: Average cost of SETA employees

	2013/14	2014/15	2015/16	2016/17
Number of staff	1799	1883	1903	2120
Average cost per employee	R393,305	R417,747	R455,620	R459,825

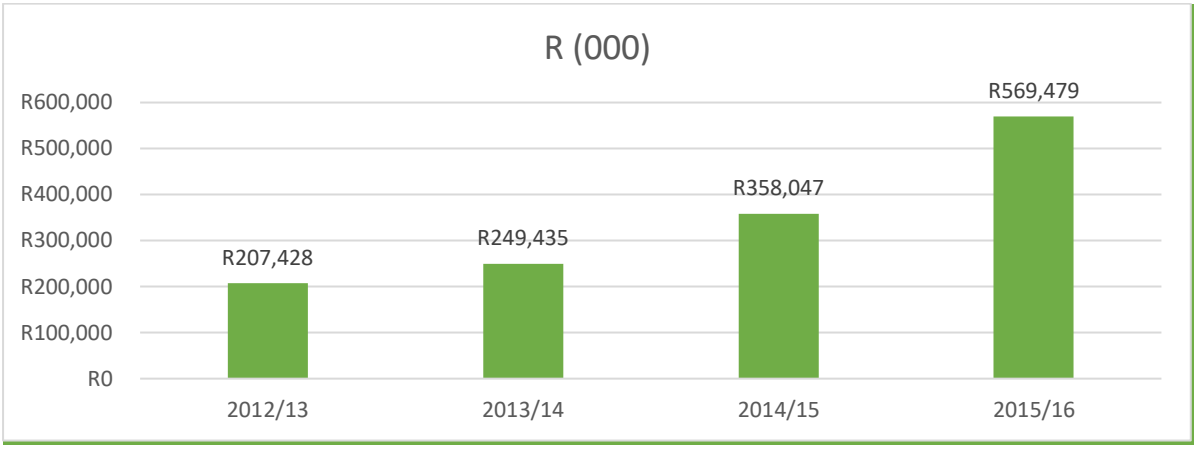
Source: SETA Annual reports, 2013/14 – 2016/17 (MAS analysis)

4.4.4 Public Sector

The cabinet decision to agree to 30% of the ring-fenced public service skills development funds to be transferred to SETAs was implemented from the 2013/14 financial year but not evenly. An analysis of seven SETAs (AgriSETA, CETA, HWSETA, ETDP SETA, EWSETA, SASSETA and TETA) who have reported levies from government departments shows that a total of R 1.3 billion was received in levies between 2012/13 and 2015/16. The transfers

received by these SETAs from government departments more than doubled from R 207 million in 2012/13 to R 569 million in 2015/16.

Figure 4-7: Levies received by SETAs from government departments



Source: SETA Annual reports, 2012/13 to 2015/16

There was also agreement that all departments should pay an amount to PSETA, but this become complicated. The amounts were small and each dept had to ask permission from National Treasury (NT). NT did the calculations and decided to pay R93 million in 2015, rising to R104 million in 2017. So, this funding issue was not sorted out until the last year under review.

In addition to the transfers of funds to SETAs, government departments also have spent on training and bursaries. As can be seen in the table below, the percentage spent of the 1% ring-fenced for training in the public service over the five-year period is averaging at 50% and reducing over time. Over the five years, of the R1.847 trillion salaries budget, R9.528 billion was spent (about half of the ring-fenced 1%). It is observed that the total allocation of R19 billion set aside for training in the public service was not spent, and that the proportion spent has been declining overtime, from 0.62% of the 1% in 2011/12 to 0.44% of 1% in 2015/16. A total of R2.380 billion ring-fenced for training was not spent in 2015/16.

Table 4-3: Compensation budget and total training in the public service, 2011/12 – 2015/16

Year '000	Compensation	Training	Bursaries	Total Training	% of 1%
2011_12	312 967 863	1 542 704	399 315	1 942 019	0,62%
2012_13	339 222 486	1 573 276	423 449	1 996 725	0,59%
2013_14	371 067 190	1 362 779	428 741	1 791 520	0,48%
2014_15	398 290 847	1 616 244	308 912	1 925 156	0,48%
2015_16	425 273 955	1 526 363	346 235	1 872 598	0,44%
	1 846 822 343	**7 621 365**	**1 906 652**	**9 528 017**	**0,5%**

Source: National Treasury ENE, 2011/12 to 2015/16

When adding the amount spent on training and development and funds transferred to SETAs, the total sum increases the total proportion of payroll spent to about 0.58% which is still below

the ring fenced 1%. Clearly more can and should be done with the available resources to improve impact in relation to a capable and development state.

SECTION 5: PROGRAMME IMPLEMENTATION

WHAT THIS SECTION COVERS

This section of the evaluation discusses programme implementation. It starts with an overview of programmes provided under the auspices of NSDS III. The focus is then narrowed down by looking specifically at implementation of lower-level, middle-level and higher-level programmes. Programme implementation is then categorised into specific target groups which include: Youth; SMMEs; NGOs, community-based organisations, cooperatives; Worker education; Provincial and National government; State-owned entities; and in relation to Industrial strategy. The section ends with a discussion on Articulation.

5.1 Programmes

5.1.1 Introduction

This section considers the types of programmes that have been provided under the auspices of NSDS III and the costs associated with these programmes. It specifically seeks to understand who benefitted from these programmes, the kinds of programmes that different target groups were able to access and the extent to which learners have been able to complete these programmes. It also explores the perceptions of these programmes from the perspective of learners, employers as well as providers and SETAs.

5.1.2 An overview of programmes provided under the NSDS III

During the period of NSDS III there were almost 1.1 million enrolments across different learning programmes offered under the auspices of the 21 SETAs. In addition, there were over 330 000 learners funded by the NSF. That means there were over 1.4 million beneficiaries of the skills development system between 2011/12 and 2015/16. As outlined in Table 5-1, almost half (47%) of enrolments were in skills programmes, followed by learnerships (31%), artisanal programmes (12%), Bursaries (6%) and Internships (4%).

Table 5-1: Total enrolments in learning programmes

Learning programme	Enrolled
Learnerships	342 591
Internships	42 933
Skills Programmes	516 436
Artisanal Programmes	130 876
Bursaries	61 802
Total	**1 094 638**

Source: DHET SETA QMR, 2011/12 to 2015/16

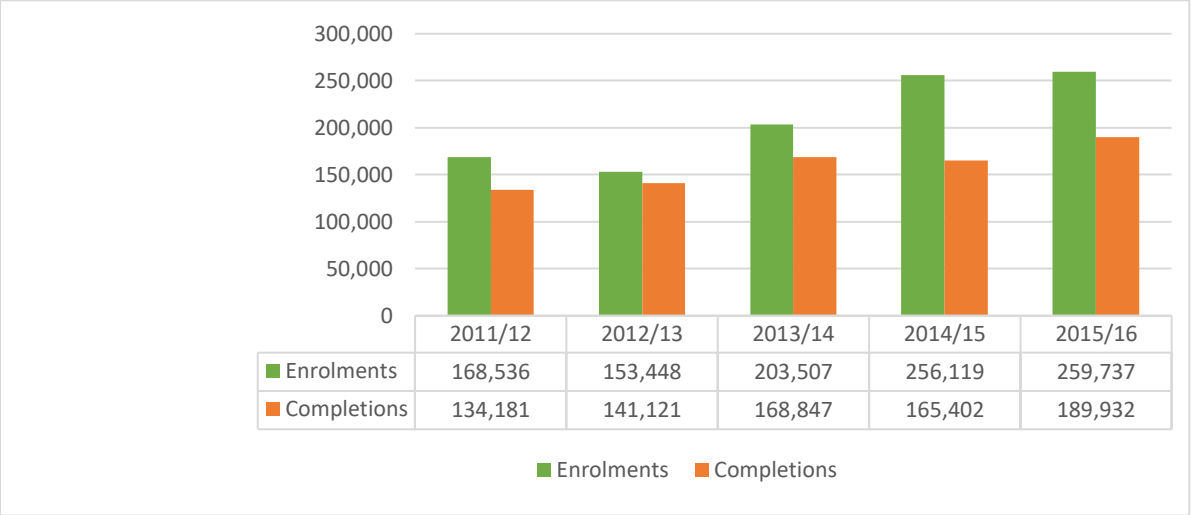
The New Growth Path adopted by government called for increased workplace training of workers already in employment in order to improve productivity and the overall growth and development of the economy.

Between 2011/12 and 2015/16, there were 1 032 836[6] registered learners in the various programmes with about 77% completing in the same period. Figure 5-1 represents a

[6] Excludes bursaries awarded to workers and unemployed beneficiaries

breakdown of total enrolment and completion across different learning programmes over the period under review.

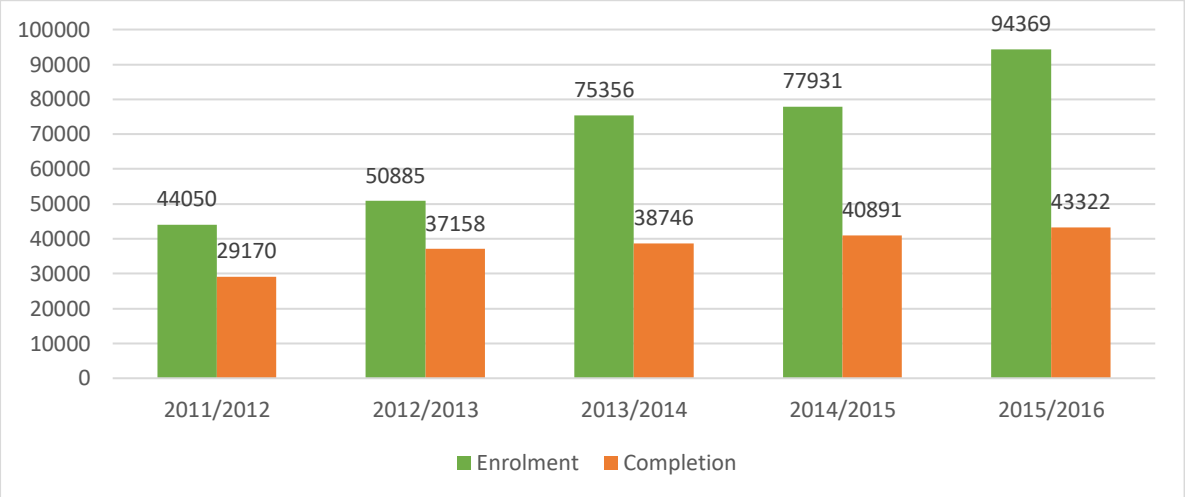
Figure 5-1: Total Enrolment and Completion Across the SETA Learning Programme



Source: DHET QMR from SETAs, 2011/12 to 2015/16

From the base year (2011/2012), enrolment increased from 168 536 to 259 737 in 2015/16. The graph shows a decrease in enrolment between in 2012/13 and a sharp increase thereafter, with a marginal increase in 2015/16. Completions increased from 134 181 to 189 932, unevenly maintaining a gradual increase throughout the year. Over the period, enrolment had been consistently higher than completion, with a bigger gap observed in the last two years although there seems to be an improvement in 2015/16 when completion increased.

Figure 5-2: Learnership Enrolment and Completion between 2011/12 and 2015/16

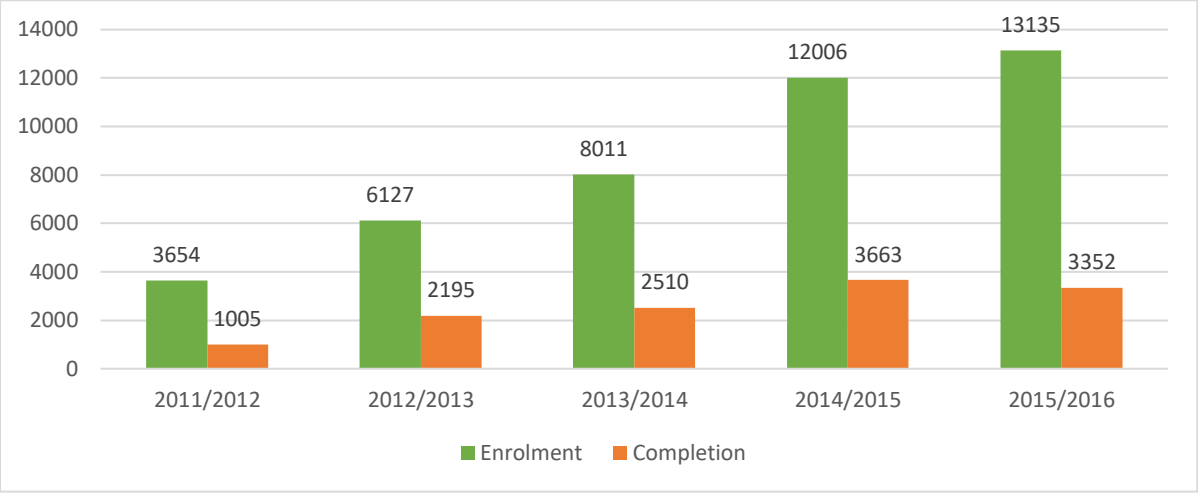


Source: National Skills Development Implementation Report 2011 – 2016

The total enrolment and completion for learnership were 342 591 and 189 287 respectively, achieving an average of 55% throughput. The graph shows that between the base year (2011/12) and 2012/13, both enrolment and completion had gradually and constantly increased. The gap started to widen from 2013/14 onwards, with enrolment sharply increasing

while completion marginally increased year-on-year. By 2015/16, the number of learners enrolled had doubled compared to those who completed.

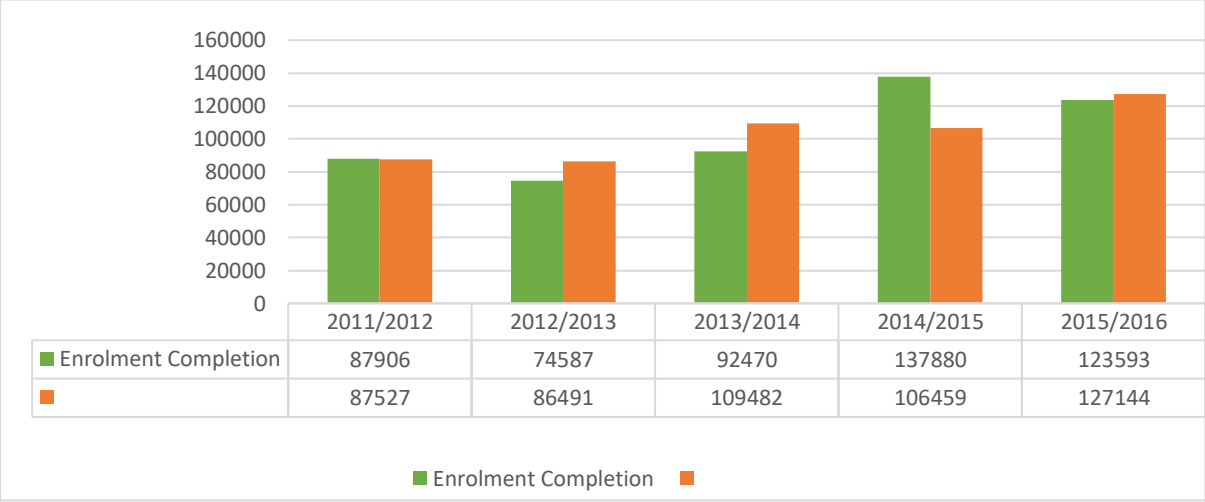
Figure 5-3: Internship Enrolment and completion between 2011/12 and 2015/16



Source: National Skills Development Implementation Report 2011 – 2016

A total of 42 933 and 12 725 interns were enrolled and completed respectively, achieving an average 30% throughput. The graph shows a sharp increase of enrolment from the base year to 2014/15, and moderately increased in 2015/16. However, completion remained low and uneven throughout the years. Proportionally, there were far less completions than enrolment throughout.

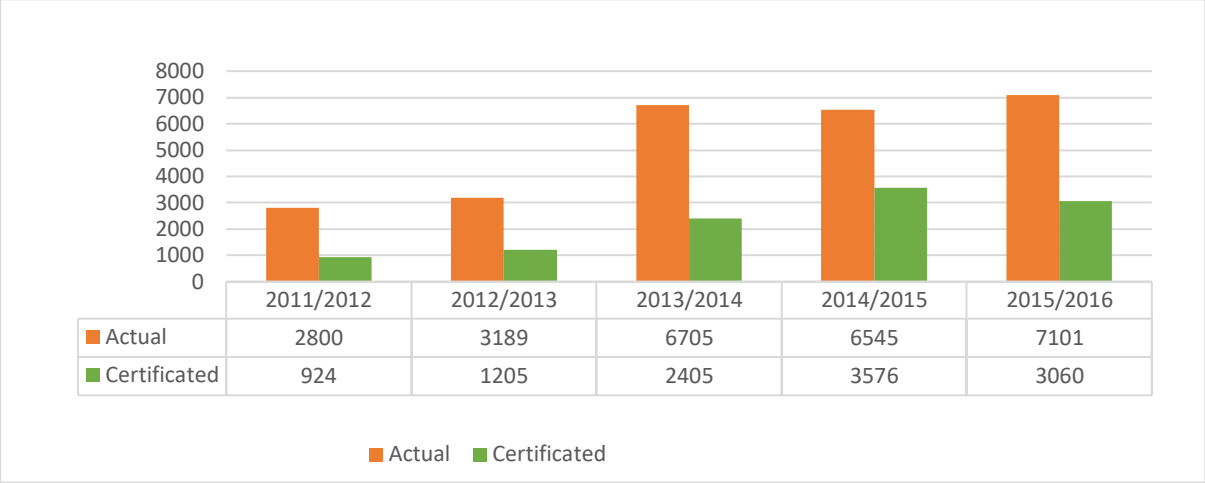
Figure 5-4: Skills Programmes Enrolment and Completion



Source: National Skills Development Implementation Report 2011 – 2016

A total of 516 436 and 517 103 learners were enrolled and completed respectively, in skills programmes, achieving 100% throughput. It is assumed that a significant number of those who completed would have enrolled during preceding years, hence completion is more than enrolment. Data shows that enrolment increased from 87 906 in the base year to 123 593 in 2015/16. Completion grew from 87 527 to 127 144. The graph shows satisfactory completion, which was more than enrolment throughout the period, except in in 2014/15. However, the decline in enrolment and increase in completion in the fifth year narrowed the gap.

Figure 5-5: Bursaries awarded to workers enrolled and certificated in SETA programmes



	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Actual	2800	3189	6705	6545	7101
Certificated	924	1205	2405	3576	3060

Source: National Skills Development Implementation Report 2011 – 2016

Collectively, SETAs had a combined target of 52 643 and enrolled 61 802, an overall achievement rate of 117% for employed and unemployed. The total number of bursaries from 2011/12 to 2015/16 for the employed increased from 2 800 to 7 101, respectively. Despite low certification throughout the period, there had been a steady growth from the base year to the fourth year. In total, 15 039 learners were certificated, far less than the target of 22 433, a performance average of 67%.

In summary: as indicated overall enrolment had grown across the programmes. Comparative data across the programmes show though that this enrolment was concentrated in skills programmes. While learnerships had higher enrolment than internships, the two had lower completions when compared to skills programmes. During interviews SETA respondents highlighted concerns about the way in which the PIVOTAL skills are understood, with one respondent expressing concern about the engagement between the DHET and the SETAs suggesting that this remains more focused on numerical targets rather than on the other imperatives of NSDS III (Engelbrecht, 2018b).

5.1.3 Lower-level skills

A specific focus of the NSDS, cutting across unemployed and employed workers was the focus on understanding the extent to which a greater number of individuals were able to progress through lower levels on the NQF. Lower level skills refer to programmes within the range of NQF level 1 to 3. Broadly, NQF level 1 refers to a General Certificate, level 2 relates to an Elementary Certificate, and level 3 to an Intermediate Certificate.

As indicated previously, a review of NSDS II found that there was an overemphasis on lower level skills. Several studies (Singizi, 2007: Nedlac SETA Review, 2008: JIPSA close-out report, 2010) found that there were unintended pressures within SETAs, including the way grants were disbursed and how providers were motivated to deliver training, for Lower level skills to be prioritized. Achieving numerical targets was viewed to be much easier when the programmes were for one year or less and pitched at a level that would be relatively easy for people to achieve.

Thus, the NSDS III sought to address this challenge suggesting that there was "*insufficient progression towards more appropriate (intermediate and higher) skills required for growth*

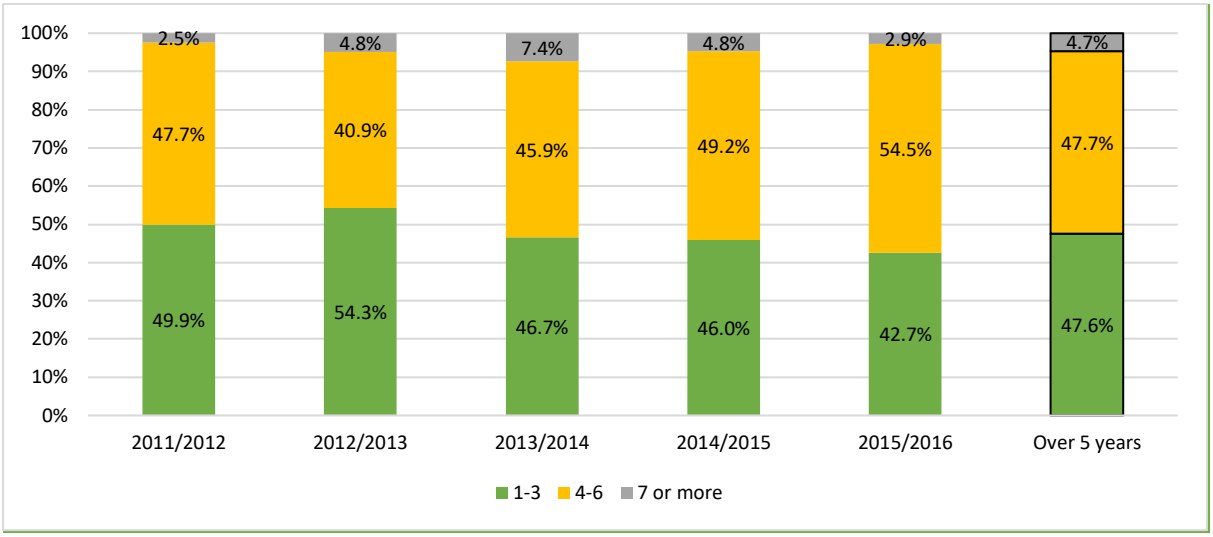
sectors in a knowledge economy. There is a need for much more substantial programmes that improve qualifications, support career-pathing, enable greater flexibility and mobility and increase productivity".

This study therefore considers the shifts in lower level training programmes and mid-level skills and specifically considers the issue of articulation across these levels and the extent to which progression was supported under the auspices of NSDS III.

5.1.3.1 Main programmes funded or promoted through various target groups

The State of Skills 2007-8 report conducted by the Human Science Research Council, the Development Policy Research Unit and the University of Cape Town and the Sociology of Work Programme was used as the baseline for this analysis (DoL, 2012). The report provides data from a comprehensive learner contact database of all learners who entered Learnerships since the inception of NSDS in February 2001 up until May 2007 when data collection closed.

Figure 5-6: Enrolments by NQF level

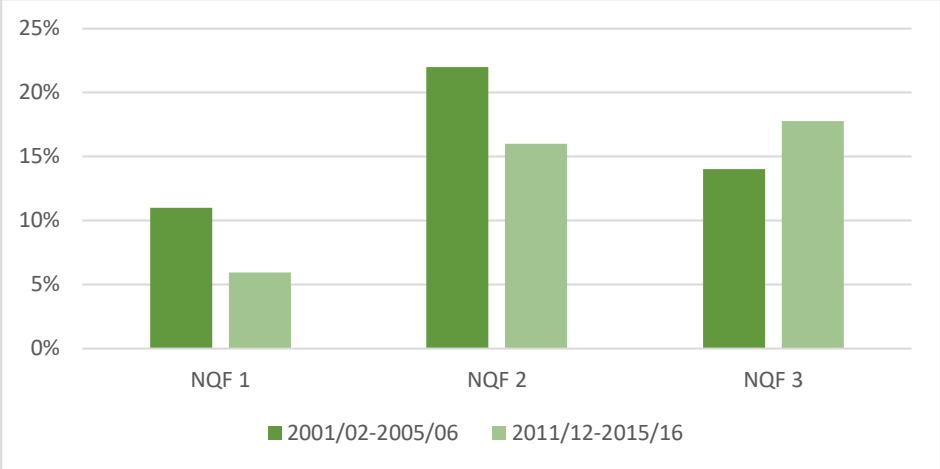


Source: DHET QMR from SETAs, 2011/12 to 2015/16

The study found that between the 2001/02 – 2005/06 period, a third of the Learnership population were enrolled for NQF level 1 and 2 Learnerships, with a further 14% enrolled for NQF level 3 Learnerships.

Between 2011/12 and 2015/16, Learnership enrolment data collected by the SETAs and consolidated by MAS revealed that 40% of the total Learnership population were enrolled in NQF level 1 to 3 programmes (that is, less than the 47% indicated for the previous period as mentioned above). Of import is that NQF level 1 programme enrolment decreased from 11% to 6%, level 2 programme enrolment from 22% to 16%, whereas level 3 programme enrolment increased from 14% to 18%, from 2001/02-2005/06 to 2011/12-2015/16. This could be a positive indication that – as per the commitment in NSDS III – there is a greater focus on learners progressing into higher levels.

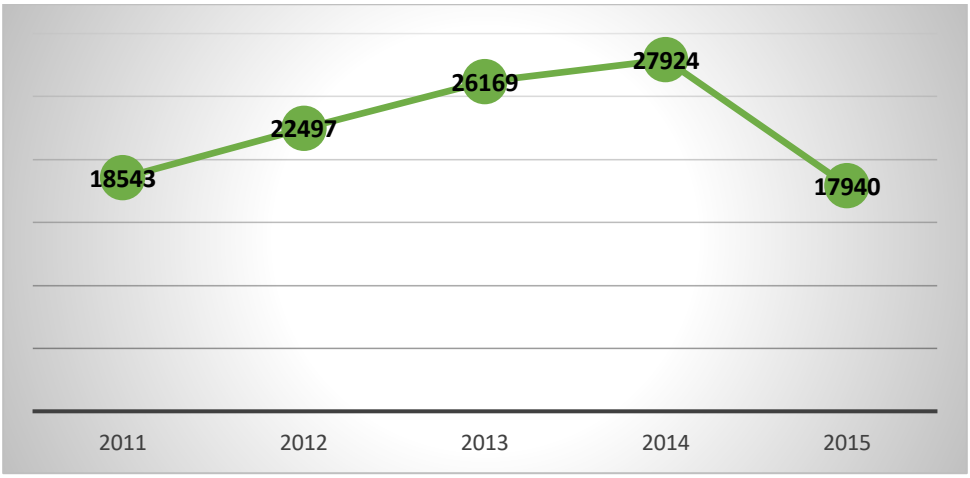
Figure 5-7: Learnership enrolment rates for NQF level 1 to 3, 2001/02-2005/06 – 2011/12-2015/16



Source: DHET QMR from SETAs, 2011/12 to 2015/16

The figure below provides the actual numbers enrolled for each year between 2011 and 2015 for NQF level 1 to 3 Learnerships, it shows a significant increase between 2011 and 2014 from 18 543 to 27 924, after which (2015) it declined with the total for the period recorded at 113 073.

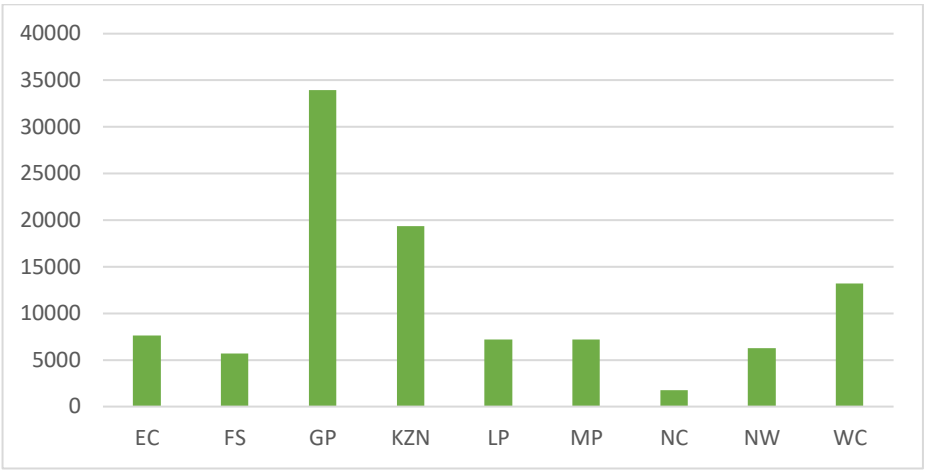
Figure 5-8: Learnership Enrolment numbers for NQF level 1 to 3, 2011 - 2015



Source: DHET QMR from SETAs, 2011/12 to 2015/16

The majority of NQF level 1 to 3 Learnership enrolments were in the Gauteng province (33%), followed by the KwaZulu-Natal province (19%) and the Western Cape Province (13%). The Northern Cape province recorded the lowest rate at 2% or 1 783 learners.

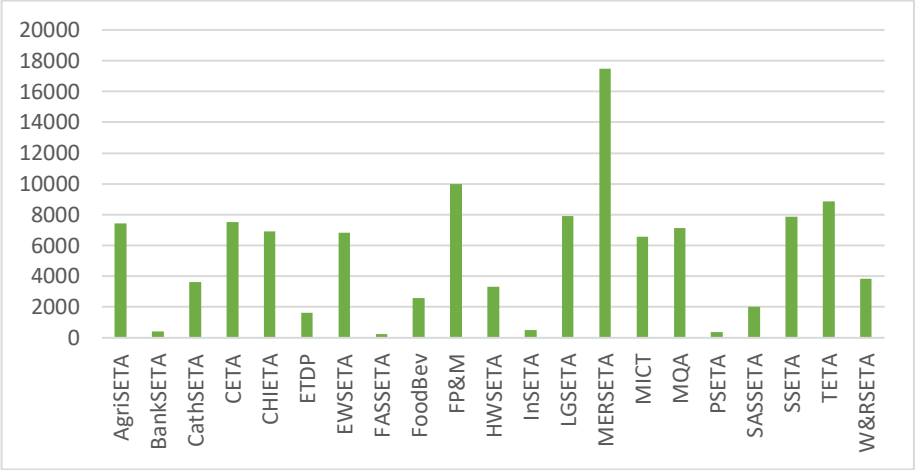
Figure 5-9: Learnership Enrolment numbers by Province, 2011/12 – 2015/16



Source: DHET QMR from SETAs, 2011/12 to 2015/16

The State of Skills 2007-8 report indicated that between the 2001/02 – 2005/06 period the highest number of NQF level 1 enrolments were through the AgriSETA, the highest NQF level 2 enrolments were through CTFL SETA and the highest NQF level 3 enrolments were through Bank SETA and MQA SETA (DoL, 2012). During the period 2011/12 – 2015/16, the highest number of combined NQF level 1 to 3 Learnership programme enrolments were supported by merSETA at 15.5% or 17 494 learners. This is significantly higher than the next highest which is through FP&M SETA at 8.8% or 10 006 learners.

Figure 5-10: Enrolments numbers by SETA, 2011/12 – 2015/16



Source: DHET QMR from SETAs, 2011/12 to 2015/16

In terms of race, the categories reported by the SETAs as “Black, Black African, Black Coloured, Black Indian” far outweigh the category “White” reported by the SETAs. This is consistent with the finding of the State of Skills 2007-08 report (DoL, 2012).

With regards to gender, the male and female ratio is not significantly different, however more males than women were enrolled in NQF level 1 to 3 Learnership programmes between the 2011/12 – 2015/16 period. When looking at disability statistics, only 3% of Learnership enrolments in the 2011/12-2015/16 period were people living with disabilities. It is also noted that the NSF is no longer actively involved in Adult Basic Education and Training (AET) and private providers state that AET is important but fading. This is confirmed by employers who

question the importance of these programmes given the increasing emphasis on NSC as a requirement for employment.

5.1.4 Middle-level skills

Middle-level skills are generally understood to be those referred to as intermediate skills at NQF levels 4 to 6, including artisanal, technicians and related occupationally-directed programmes.

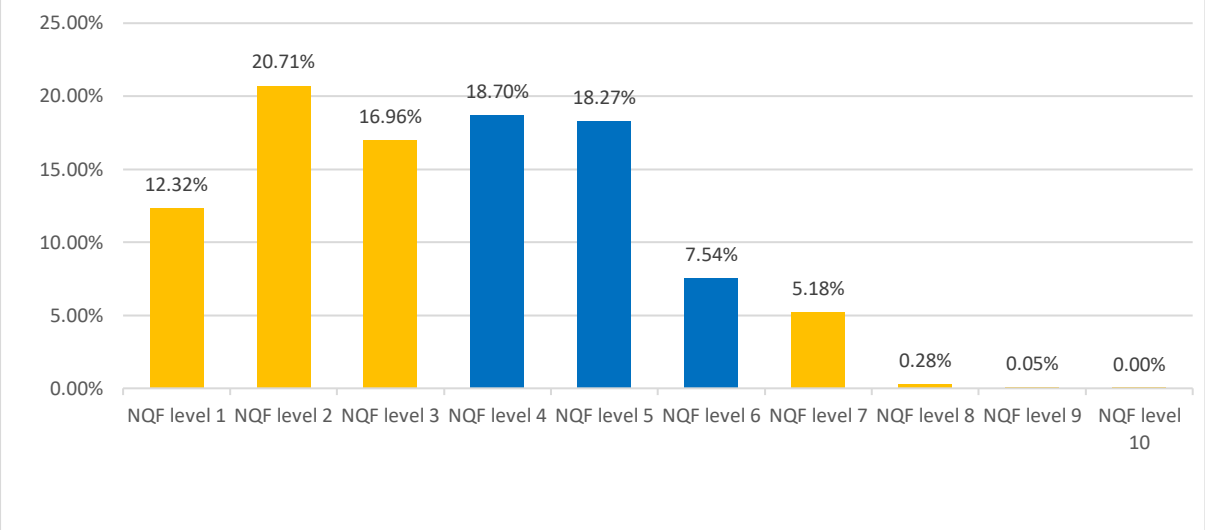
Outcome 4.2.1 of the NSDS III provides that "middle-level skills needs are identified and addressed in all sectors." It made a firm commitment to the delivery of these intermediate skills mainly through the public TVET colleges working in partnership with employers providing workplace-based training. It required SETAs to establish projects and partnerships in each sector to address middle-level skills that are in demand, and that the relevant number of artisans for their sectors are trained, qualify and become work-ready. It further provided that "the National Artisan Development Project developed by JIPSA and Monitoring and Evaluation framework is planned, managed and reported on with interventions made where blockages occur".

In 2012/13, the DHET used SSP data to compile a report on national middle-level needs with a view to match skills development needs and strategies identified by the SETAs. SETAs were instructed to identify PIVOTAL programmes for middle-level skills development in their sectors. These were eventually included in the National Scarce Skills List. Based on SSP information, SETAS were required to develop Skills Development Projects and include them in their Strategic and Annual Performance Plans and approved by DHET.

5.1.4.1 Main programmes funded or promoted through various target groups

Between 2011/12 and 2015/16, 47.7% (around 100 000) of learners were enrolled in programmes at NQF levels 4-6. There was a 44.5% completion rate (Chidi, 2018). This is a slightly higher than the percentage of those in lower level qualifications and reinforces the trend towards higher level qualifications described in the previous section.

Figure 5-11: Enrolment in middle level skills



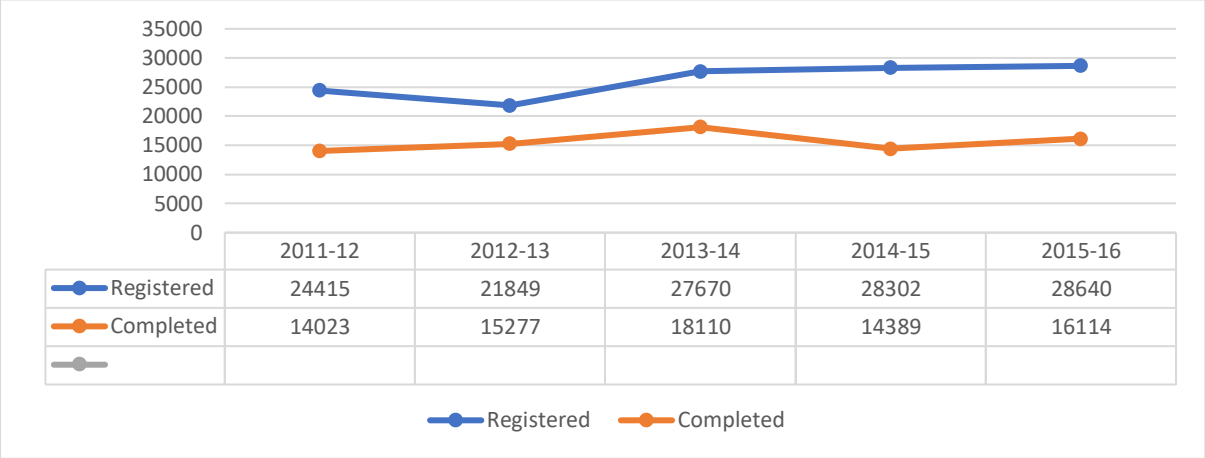
Source: DHET QMR from SETAs, 2011/12 to 2015/16

This trend did not start only in the NSDS III: the HSRC evaluation of NSDS II estimated the numbers of people achieving full occupational qualifications each year was between 45 000 and 50 000. Of these, 8 000-10 000 were reportedly achieving artisan status.

5.1.4.2 Expansion of Artisan training

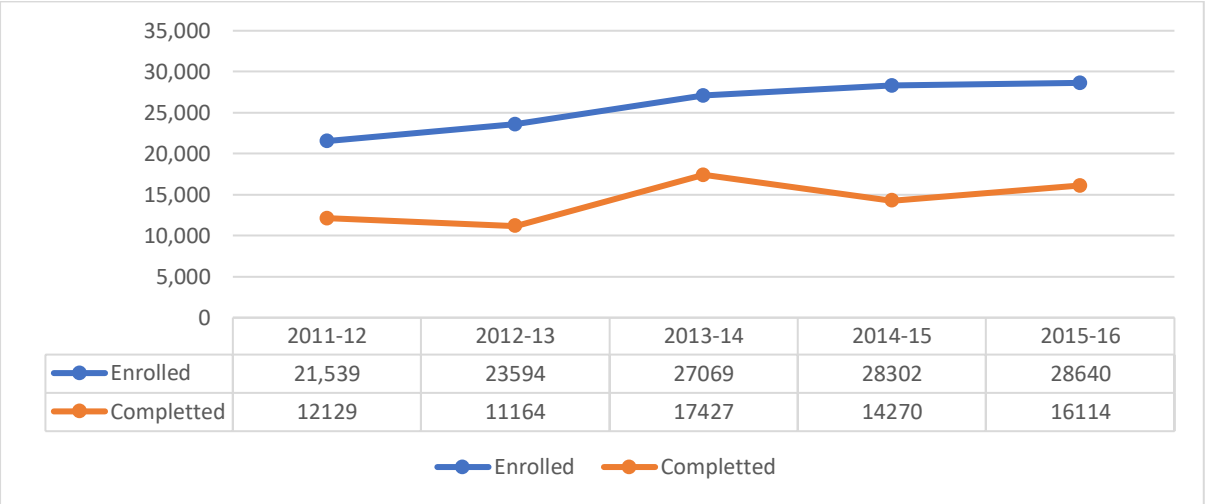
A particular area of intervention – at this level – that took place between 2011 and 2016 related to the strong focus on increasing the number of artisans produced. This period saw a real increase in this regard and the number of learners enrolled and completing artisanal programmes reached 137 836 and 77 913 respectively, averaging throughput rate of 59,53%. In 2015/16, the country produced 16 114 artisans (NSDS Data Report, 2018). This was in excess of the NSDS III target of 10 000. In the 2015/6 financial year, 11 of 15 SETAs (72%) collectively achieved at least 90% of their enrolment targets. It is noteworthy that there are two sets of artisan statistics currently available; one by the DHET statistics and the other by INDLELA as represented below.

Figure 5-12: Artisan Enrolment and Completion



Source: Statistics on Post-School Education and Training in South Africa 2016; DHET

Figure 5-13: Artisan Enrolments and Completions between 2011-12 and 2015-16



Source: INDLELA, 2018

The DHET data puts the total enrolment at 130 876 while INDLELA puts it at 129 144, a marginal difference of 1 732. The total difference in completion figures between the two data

sources was 5 811, 65 293 and 71 104 for DHET and INDLELA respectively. The two graphs show inconstant figures in the 2011/2012 and 2012/2013. Between the two years, DHET stats shows a decline in enrolment and an increase in completions while INDLELA shows the opposite. However, both graphs are consistent with each other in that the trend shows an increase of both enrolment and completions from 2013/14 to 2015/16. Both graphs show a fluctuating trend in completions, particularly from 2013/14 onwards.

5.1.4.2.1 Throughput

In a cohort analysis, as illustrated below, measured against enrolment from Quarter 1 in 2011/12 to Quarter 1 of 2013/14 using a 100% baseline, only 37% complete their artisanal training in three years. 38.9% complete their programmes after four years while 42.2% complete in five years. This implies that 57.8% of apprentices do not complete their training at the end of five years (NSDS III Data Report, 2018).

Table 5-2: Artisan Development Cohort analysis

		Total entered in quarter	Completions after 3 years	Not completed after 3 years	Completions after 4 years	Not completed after 4 years	Completions after 5 years	Not completed after 5 years	Total completed by end of 2015/16	Not completed by end of 2015/16
Quarter entered	2011/12Q1	100,0%	33,3%	66,7%	40,7%	59,3%	42,2%	57,8%	42%	75%
	2011/12Q2	100,0%	45,4%	54,6%	52,3%	47,7%			52%	73%
	2011/12Q3	100,0%	46,9%	53,1%	49,0%	51,0%			49%	93%
	2011/12Q4	100,0%	27,5%	72,5%	30,6%	69,4%			31%	57%
	2012/13Q1	100,0%	21,3%	78,7%	25,7%	74,3%			25%	46%
	2012/13Q2	100,0%	30,0%	70,0%					31%	59%
	2012/13Q3	100,0%	34,3%	65,7%					34%	66%
	2012/13Q4	100,0%	29,5%	70,5%					28%	52%
	2013/14Q1	100,0%	25,3%	74,7%					25%	47%
		100,0%	**31,7%**	**68,3%**	**38,9%**	**61,1%**	**42,2%**	**57,8%**	**35,1%**	**64,9%**

Source: DHET QMR from SETAs, 2011/12 to 2015/16, MAS Analysis

The quarterly monitoring data that was analysed for this study includes learners that were funded by SETAs, the NSF as well as industry stakeholders. The cost estimates that are provided below are on the basis of all learners including those not funded by SETAs. It is estimated amount allocated for artisan training was R13 754 391 600. However, the cost implications for delayed completion and non-completion for the period under review is calculated at R3 606 321 111, averaging about 26% of the allocation. The total allocation across all learning programmes was estimated to be R30 786 097 697, of which R13 424 171 362, averaging 44% of the allocation. The Table below represents a breakdown of allocations and losses across all SETA-funded programmes.

Table 5-3: Estimated financial loss due to learners not completing their programmes within the period 2011/12 to 2015/16

Quarter entered	Artisanal programmes	Learnerships	Internships	Skills Programmes	Total across learning programmes
2011/12Q1	R426 635 056	R308 251 669	R19 213 297	R68 334 632	R822 434 654
2011/12Q2	R600 112 575	R329 305 785	R38 844 197	R101 285 925	R1 069 548 482
2011/12Q3	R350 783 507	R243 518 584	R15 057 192	R83 473 449	R692 832 732
2011/12Q4	R553 213 825	R330 176 376	R45 805 438	R89 820 081	R1 019 015 720

Quarter entered	Artisanal programmes	Learnerships	Internships	Skills Programmes	Total across learning programmes
2012/13Q1	R247 150 955	R151 056 523	R25 727 115	R71 559 303	R495 493 896
2012/13Q2	R458 899 804	R255 239 793	R56 750 011	R67 065 246	R837 954 854
2012/13Q3	R323 265 484	R241 282 265	R23 638 373	R89 332 101	R677 518 223
2012/13Q4	R345 170 537	R335 377 153	R110 355 820	R95 628 424	R886 531 934
2013/14Q1	R301 089 366	R171 863 203	R26 083 838	R82 496 007	R581 532 414
2013/14Q2		R406 053 142	R132 418 073	R116 617 644	R655 088 859
2013/14Q3		R320 365 462	R47 107 103	R58 353 027	R425 825 592
2013/14Q4		R798 445 228	R98 354 613	R190 558 924	R1 087 358 765
2014/15Q1		R458 072 301	R101 692 275	R106 286 323	R666 050 899
2014/15Q2		R380 170 813	R75 499 026	R75 727 939	R531 397 778
2014/15Q3		R423 420 739	R105 998 690	R117 649 931	R647 069 360
2014/15Q4		R1 010 670 209	R260 804 709	R195 992 834	R1 467 467 752
2015/16Q1		R396 369 465	R125 691 664	R103 879 936	R625 941 065
2015/16Q2			R168 764 495		R168 764 495
2015/16Q3			R66 343 886		R66 343 886
2015/16Q4					
Estimated loss	**R3.60 billion**	**R6 56 billion**	**R1.54 billion**	**R1.71 billion**	**R13.42 billion**
Estimated funds allocated:	**R13.75 billion**	**R10.95 billion**	**R1.94 billion**	**R4.14 billion**	**R30.79 billion**
Estimated loss as % of funds allocated:	**26%**	**60%**	**80%**	**41%**	**44%**

Source:

Overall, training in scarce and critical trades makes up the bulk of all trade-related training in the country. The Table below represents a breakdown of completion in the 15 most scarce and critical trades. However, it is also clear that electrician makes up a fifth of all completions over the period covered by the INDLELA data. Fitter and turner is also disproportionately represented. These two trades together account for almost a third of all completions. It is unlikely that this pattern of supply was driven by industry demand. These data suggest an ongoing mismatch between supply and demand across the trades.

Table 5-4: Completion of Scarce and Critical Trades

Completions in the 15 most scarce and critical trades	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Electrician	2 424	1 912	4 214	2 988	3261	14 799
Fitter & turner	1 435	1 191	1720	1 027	1185	6558
Welder	777	1 002	907	1 190	1412	5288
Boilermaker	723	617	1 105	1 071	958	4474
Diesel mechanic	470	374	1 013	1 191	1337	4385
Automotive motor mechanic	621	421	908	965	960	3875
Millwright	696	525	1 037	502	590	3350
Rigger	238	170	518	878	585	2389
Plumber	256	219	272	567	826	2140
Instrument technician	223	204	397	254	241	1319
Toolmaker	71	69	106	112	119	477
Metal fabricator	15	1	281	20	31	348

Completions in the 15 most scarce and critical trades	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Carpenter & joiner	127	49	95	13	12	296
Air-conditioning & refrigeration technician	74	41	92	37	153	397
Auto electrician	0	0	0	0	0	0
Total Top 15 trades	**8 150**	**6 795**	**12 665**	**10 815**	**11670**	**50 095**

Source: DHET & SSACI: Report on the Tracking of Newly Qualified Artisans; September 2016

It would be of value to know the kind of programmes that the artisans came through – apprenticeship, learnership or something else – as well as the completion rates within each of these programmes and the time that it typically took from start to a successful conclusion. These would be key indicators of the efficiency and effectiveness of the country's artisan training system. According to research done by SSACI, there are some limitations in the data that prohibits this analysis. Data have not all been captured in a single database but in a series of separate databases, one for each financial year. Overall, the high incidence of errors with dates makes it difficult to determine the progress of individuals or the through-put rate of the cohorts to which they belong. Secondly, until April 2014, reports from most SETAs did not distinguish between learnerships, apprenticeships and any other kind of training programme connected to an artisan qualification. These numbers were never correlated or reconciled across years. Instead, each year was treated as a unique database unrelated to the year before or the year after. NADSC had followed the same practice of recording each year's figures in a separate database. Since it typically takes three or four years to train an artisan, whether through a single apprenticeship or a series of learnerships, the complete separation of records year-on-year makes it difficult to determine how many of a given annual intake ever qualified as artisans or to track an individual's progression from commencement to completion of his/her artisan training. This is a major weakness in the data prior to that date. There was a general lack of systemic monitoring, tracing systems as well as the lack of detail, accurate and current data.

5.1.4.2.2 Structure of the artisan development programme

Output 4.2.2.2 of NSDS III states that "the national Artisan Development Project developed by JIPSA and now located in the DHET and M&E framework, is planned, managed and reported on, with interventions made where blockages occur". In November 2010 the Minister of Higher Education and Training established the National Artisan Moderation Body to "coordinate artisan development in the Republic" as is recorded in Section 26A (1)(b) of the Skills Development Act. A chief directorate for National Artisan Development was set up at INDLELA in 2010. There was a need to centralise, standardise and streamline the system of artisan development. From the onset a role player-based consultative approach has been utilised by the Chief Directorate: National Artisan Development (INDLELA). The primary benefit of this approach was that a large number of people were "taken along" with the process to achieve a single national artisan development system and as such this large group of persons developed a system they can relate to and "own". NAMB developed an Artisan Learner Database and Reporting System that SETAs use to submit monthly reports. A Learner Data Policy was approved in September 2014. In October 2013 the DHET began implementing a single National Artisan Learner Funding and Administration System. A pilot for the National Artisan RPL System was rolled out between 2012 and 2016, and in October 2015 a Draft Policy on Artisan Recognition of Prior Learning was published.

Although many of the blockages identified by JIPSA have been addressed, there are still a number of challenges. There are still multiple pathways for artisan development – 125 registered trades with 801 pathways. (although this is in the process of being addressed by the QCTO). Linked to this is outdated schedules of training, assessment standards and trade tests.

5.1.4.2.3 Factors impacting on success

DHET published the National Artisan Development Strategy and Implementation Plan for public comment at the end of 2017 (DHET, 2018a), where some of the challenges are planned to be addressed. It includes the concept of the artisan of the 21st century, with integration of theory, practice and workplace.

From some of the pilots reviewed a number of enabling factors were identified:

- Artisan training programmes are put in place to meet genuine demand in an organisation;
- Artisan development is employer driven, not provider driven;
- Selection of artisan apprentices is done by the employer (and the apprentices are treated as employees of the employer);
- Effective induction of apprentices;
- Clarifying and agreeing roles and responsibilities of the workplace, the mentor, the workshop and the provider;
- Good working relationship between the employer (workplace training and mentoring), the provider of theoretical training and the provider of the practical or simulated work training;
- High mentor-apprentice ratio;
- Integration of theory, practical training and workplace training;
- Monitoring: Progress in terms of both formal training and work experience are be monitored and problems identified early; and
- As has been recognised in the “seven steps to becoming and artisan” (Gazette 2015. DHET) the best results are when a person is contracted at the start of the artisan programme and not after the theoretical part of the programme has been completed.

5.1.5 Higher-level skills

5.1.5.1 The Strategy

One of the important changes in NSDS III as compared with earlier strategies was its deliberate focus on building intermediate and higher-level skills. Goal 4.2 speaks of ‘increasing access to higher-level occupationally-directed programmes’, and specifically instructs the National Skills Fund to support the production of such high-level qualifications. NSDS III also speaks to the need to conduct innovative research, which can be applied to the workplace and the wider economy. This requires the development of research capacity, particularly research related to building new knowledge linked to sector and national industrial plans.

Many of the professional areas of study combine coursework at universities, universities of technology with structured learning at work. This is achieved by means of professional placements and work-integrated learning, learnerships and internships.

This section discusses the strategies that were adopted by the skills system to meet these goals. NSF funding was central to this objective, in particular, in innovative research and graduate placement in work. Further, the SETA-funded Research Chairs were key mechanisms for prioritising high-level research development. Partnerships were also established between higher education, employers and SETAs to build research and development (R&D) and innovation capability.

5.1.5.2 The contribution of the NSF

As indicated above, one of the NSF's mandates in the higher education band is to sponsor research where key opportunities for economic growth and industrial development are identified. In pursuing this mandate, the NSF supports post-graduate research grants for masters, doctoral and post-doctoral research. Additionally, it supports academic capacity development, as well as higher education infrastructure development and equipment.

Strategic partnerships with higher education institutions are seen as critical to the implementation of this programme, notably through:

- *Skills Development Research, Innovation and Communication* and *Skills Development Advocacy and Constituency Capacity Building* in partnership with the National Skills Authority (NSA), and is aimed at achieving the objectives and commitments specified by the NSDS III, and
- *PSET Research, Innovation and Communication* – in partnership with the DHET, National Institute for the Humanities and Social Sciences (NIHSS), the Southern African Development Community (SADC) and the Brazil, Russia, India, China and South Africa (BRICS) communities. It aims to develop the PSET system and innovation capabilities as a priority through this sub-programme.

The main mechanism adopted by the NSF to support post-graduate research and innovation in higher education institutions is through funding research programmes (research grants and masters, doctoral and post-doctoral scholarships), academic capacity development, infrastructure development and equipment. Between 2011 to 2016 the NSF allocated R5.216 billion towards funding students (including post-graduates) at state universities across the country. This equates to 18,000 students on average per year. In a review of NSDS III in year 2013, it was reported that the NSF funded R798 million masters, R273 million PhD and R38 million post-doctoral bursaries over the period 2011/2013.

The NSF also funds the Scarce Skills Development Fund (SSDF) which is housed in the National Research Foundation (NRF) as the primary agency to implement and manage a 'scarce skills' post-graduate student funding scheme. The objectives of the SSDF are to:

- Increase the number and quality of South African post-graduate students in specific scarce skills areas;
- Build a pipeline of the next generation of scientists and researchers in scarce skills areas; and
- Improve the race and gender representation in the South African National System of Innovation (NSI); and in conjunction with the higher education sector and industry, to
- Support the development of post-graduate courses and research to meet the specific needs of the country.

The SSDF supports the following scarce academic fields: financial management; accounting, auditing, statistics, actuarial science; biotechnology; mathematical sciences, physics, geology, computer science, information systems, chemistry; all fields of engineering; and agricultural sciences, transportation studies, tourism, demography and maritime science. In 2014/15 a total of R156.8 million NSF funds were invested in the SSDF. Of the 1 957 recipients receiving support, 65% were black and 55% female.

An excellent example of NSF support to scarce academic fields is the NSF grant awarded to enhancing maritime research and innovation by working with the South African International Maritime Institute (SAIMI). This investment by the NSF is aimed at realising the objectives of the 'Blue Economy' and Operation Phakisa. The Institute's primary role is to facilitate linkages and collaboration amongst role players in maritime research, education and training in South Africa, and to work closely with similar institutes in Africa and the world. The National Cadet Programme is managed by SAIMI and provides the practical component of the training required to qualify for a career as a deck or engineering officer at sea. The NSF also utilises South Africa's bilateral agreement with other countries to allocate top-up funding to students who were accepted to pursue their undergraduate and post-graduate studies at international institutions. In 2015 the NSF committed more than R10 million to support South African students that were awarded maritime scholarships provided by the governments of Russia, China and Sri Lanka.

The NSF is also funding six NRF SARCHI Chairs in skills development to be launched in 2018-2019. Two are already established – one on 'skills development' at Wits and another on the 'TVET College sector' at UWC.

5.1.5.3 SETAs, education and training providers and employers: partnerships for higher-level skills

As described in earlier sections, the SETAs have invested substantially in the higher education sector during 2011-2016 – largely via partnerships, scholarships to post-graduate students and the SETA-funded Research Chair Initiative.

The next section will highlight the work of the SETAs in higher education through highlighting a best-practice case study of support given by AgriSETA to the tertiary-level agricultural colleges to improve their curricula to support emerging farmers through the more effective training of extension officers (Mushangia, 2018).

South Africa's twelve Agricultural Colleges (who offer tertiary-level qualifications at NQF levels 5 and 6) have not been upgraded and transformed substantially since the advent of democracy in 1994. This has left many of the colleges with reduced institutional capacity, diminishing morale, a drop-in standards and a deteriorating infrastructure. However, the AgriSETA has stepped into this void and provided much needed support, providing R6 million in 2014/2015 for the funding of the twelve Agricultural Colleges. This fund was aimed at capacity building, curriculum development, lecturer training and development, and infrastructure. For the financial year 2015/2016 the amount was increased to R28 million.

The AgriSETA also funds many of the TVET colleges alongside the Agricultural Colleges in certain scarce fields. Increased partnerships have resulted in the AgriSETA funding a number

of projects at various agricultural colleges and TVETs. They currently offer 92 registered learnership programmes in these scarce skill areas.

There have been very positive developments from this support and the partnerships formed between AgriSETA and the Agricultural Colleges. It has resulted in a number of reforms with two of the Agricultural Colleges offering bachelor level degrees in partnership with universities. Elsenburg College and Cedara College are now offering BAgric and B.Tech degree programmes in partnership with Stellenbosch University and the University of KwaZulu Natal, respectfully. These partnerships were facilitated by Department of Agriculture, Forestry and Fisheries and the AgriSETA.

The major shortage area in these tertiary colleges is the production of qualified agricultural extension officers to help decode and simplify the knowledge and technologies coming from universities for emerging farmers. Knowledge produced by universities is complex and not easily decoded and applied by those it is supposed to benefit. In an attempt to resolve this problem, the AgriSETA has set up Agricultural College 'Centres of Excellence' in Agricultural Research, aimed at: developing a pool of staff with the necessary expertise; establishing and developing its infrastructure, facilities and equipment to world class standards; and offering a range of programmes that cater to the needs of all farming sectors in the field These Centres undertake applied research, upstream and downstream (agribusiness) opportunities, and render a farmer consultancy service. Some of the Centres of Excellence that have been established are the Grootfontein, Elsenburg and Lowveld Agricultural Colleges. Grootfontein is now focusing on small stock farming, Elsenburg on wine and deciduous fruit, whilst Lowveld is focusing on irrigated horticulture. All of these initiatives demonstrate a strong commitment by the AgriSETA to the development of intermediate and high-level agricultural research and development capabilities across the post-school sector, including the TVET Colleges, Agricultural Colleges and universities.

Employers within large and medium sized companies, in partnership with SETAs and education and training providers, play an important role in skills development at the level of higher education level.

Large firms adopt a number of strategies to develop high-level skills: for example, they build in-house academies to train their own employees. Good examples of these academies exist at Old Mutual and Eskom. Many large firms also partner with Education and Training institutions and SETAs to develop specific higher education competencies. One such partnership is that Resolution Circle incubator (Kraak, 2018b):

Resolution Circle Incubator

Resolution Circle was established in 2012 and comprised the University of Johannesburg (UJ), merSETA, City of Johannesburg and several large IT employers in research and development (R&D). The project uses the commercialisation of technology as a platform to provide experiential learning to UJ engineering and technology interns. Once engineering and technology graduates have finished their theoretical studies, they are then placed in Resolution Circle which sets them up as mini-businesses. They are trained in how to develop a business plan and to create commercially-viable products. Resolution Circle has a large workshop in central Johannesburg which allows for prototyping of new products. If it's a new tool, they go and manufacture it, and it becomes a shared resource for all those students that need to get practical experience. Other achievements of the incubator have been: delivering more than 40 products to the market and training more than 600 engineering interns in 2016.

Many of these graduates, after their work experience and incubator exposure, have gone on to work for the large sponsoring IT firms.

Large firms also offer significant levels of bursary support to disadvantaged higher education students as part of their corporate social responsibility programmes. The extent of bursary support for the total higher education system is massive but not yet accurately determined.

Large company example
A large company that is a subsidiary under a holding company explained how they manage skills programmes. They indicate that they are structured to offer a "service supply chain" into the market as a "one-stop-shop". The company employs 229 employees, about 82% of employees are based in Gauteng, the remainder in the Western Cape. The package of financial and advisory services offered by the company includes human capital services; payroll; tax and contract management; specialized recruitment services; and change management. The company has an in-house HRD unit consisting of 7 people. This includes 4 on the job coaches, and points to a strong on-the-job learning strategy integrated with supervision and performance management. A company-wide needs analysis is conducted annually, linked to submission of WSPs and led by the Skills Development Facilitator (SDF). Employed staff receive formal training via an in-house accredited provider within the group; external accredited and non-accredited providers; as well as higher education providers. Delivery modes include classroom-based tuition; continuous professional development programs required to maintain professional registration; as well as distance learning (including elearning). 104 employed staff have received formal training over the past financial year, participating in 24 different programs. This represents close to half of all employees. The company accesses SETA grants, as well as tax rebates from SARS.

What is significant about this large firm case study (McLean, 2018) is the extent of learning now taking place in some firms. New internet opportunities are allowing employers to use e-learning packages to build in-house capabilities. Industries such as mining, banking, food and beverages, printing and packaging, healthcare and others already have a significant volume of training online. There is a striking contrast between this trend, and SETA efforts. Few SETAs have made serious moves into technology enhanced learning; the quality assurance regime is only beginning to accommodate such initiatives. DHET could do more to steer SETAs to investigate the role of eLearning given the rapidly increasing digitisation of the global economy - a phenomenon commonly referred to as the fourth industrial revolution.

Medium sized firms also have well-organised HR and internal training divisions. They also have the budgets to train staff internally or externally and have sufficient staff numbers to be able to release small batches of staff periodically for training without affecting aggregate production levels.

Medium-Sized Company Example
The medium-sized company employs 64 employees, all based in Gauteng. The company provides human capital services; share schemes; remuneration and reward schemes; and talent management. The company is a member of a wider group of companies and is therefore supported by central departments in terms of various functions like human resources, training, finance, IT and legal. Policies, and procedures are standardised across the group in terms of recruitment, induction/orientation, further studies, bursaries, skills development planning, remuneration and rewards. A training needs analysis is done once a year when the annual budgets are done. Training and development is funded through all the available channels including self-funding. Learnerships are a key focus area, driven by BBBEE targets. There is a large focus on recruiting people with disabilities (largely due to tax incentives). This

triggered a company-wide audit in terms of facilities to ensure that this segment could be accommodated. This disabled group was also enrolled on a learnership. The organisation uses various training providers: SETA accredited training providers; non-accredited training providers; professional Bodies and universities. TVET Colleges are not used to provide training, but the company does recruit from TVET colleges.

The medium company highlights two issues of importance (McLean, 2018): Tax incentives under the learnership scheme play a significant role in the training decisions made by many companies. The higher incentive for disabled learners appears to be finding traction where many other policy instruments have failed. And secondly, eLearning is penetrating medium-sized companies as well.

Small Company Example

The small company is a family owned business providing company registration, accounting and individual/corporate tax services to small companies. The firm employs 5 people. The company cannot afford formal training, both due to cost and work demands. They suggest that online or distance programs help address the challenge. However, they find that new employees are seldom work-ready ("*what they learn in theory is not necessarily how business works").* Hence, they upskill their new and existing staff in an ongoing way through induction, on-the-job coaching and compliance training. No specialist HR function exists within the organisation, yet they have a formalised coaching policy and practice. Needs are identified in an ongoing way and integrated into sharing of knowledge and skills during work. The company has a deliberate multi-skilling strategy – "*we all need to be able to do everything*", achieved through job rotation, job shadowing and coaching. After previously submitting an unsuccessful grant application, the company does not participate in the SETA system. The system is too cumbersome in their experience, and not oriented to small business needs and contexts. *"It is difficult to deal with the SETA and all the "red tape" when you are a small business. Time is money. We have applied in the past but did not receive any assistance".*

This small company was one of several in the financial services sector with whom interviews were conducted. The patterns reported above were consistent across all firms. All are family-owned and network-based businesses. BBBEE compliance is not a driver for any of them. The majority of staff in these small firms are white. HR is rooted largely in succession planning: the business owner usually equips their son or daughter to take over the leadership of the organisation when the owner retires. The most striking feature of these small companies is how much intensive on-the-job training and support is provided, in the absence of any external incentives. This appears to be due to the close-knit personal relationships that exist or develop, and the high levels of inter-dependence required in a small business (McLean, 2018).

A central message of these three case studies – of small, medium and large firms - is that the NSDS will never be adopted equally by all firms across all economic sectors. Some economic sectors are largely dependent on cheap unskilled labour, construction and farming being the classic examples. These sectors would not be training many employees for high level positions. Medium and large corporations are in the main the only firms who can afford to participate in a national training strategy. Even though these lessons are well known in the skills development community, they tend to be forgotten within a quantitative and compliance model of delivery, where numbers in all sectors and in all firm categories are all that counts. Unfortunately, small firms and low-skill sectors usually stay out of such schemes unless innovative methods are found to overcome the barriers and incentivise their participation. This

is the key challenge for future NSDS strategies in terms of employer buy-in and utilisation of the funding and other instruments available.

However, many small companies do not participate actively in the NSDS. Their main means of training is through in-house training and on-the-job mentoring. Many of these company's train at the low- to intermediate-levels and expect the small number of university-educated staff to be educated prior to seeking employment. As a consequence, there is far less activity at the higher levels of the NQF in term of employer training and employer utilisation of the skills system. These issues related to the challenges of smaller companies participating in the skills system are discussed further in the section 4.4.7.2 below.

5.1.5.4 SETA-funded Research Chairs

The major vehicle for SETA support to higher education has been their funding of over 20 Research Chairs to promote high-level research into specific sectors and their skills development needs. These programmes have been evaluated in an earlier section of this NSDS Review. Although there were significant problems with the Research Chairs, specifically, the lack of clarity around their core mandate (doing academic or applied consultant research) and the length of contracts (mostly one- or two-year contracts), the overwhelming response from stakeholders about the value of these Chairs was positive. It was the first time that labour market and VET research had been prioritised in the university sector. There was unanimity that they should be continued, perhaps not as 'Chairs' because of valid NRF opposition to this, but as 'Senior Research Fellows' with five-year contract terms. Some of them could also be more effectively linked to the needs of DHET via the SPU than was the case during 2011-2018. A recommendation to this affect is made in the concluding chapter of this report.

5.1.6 Focus on specific target groups

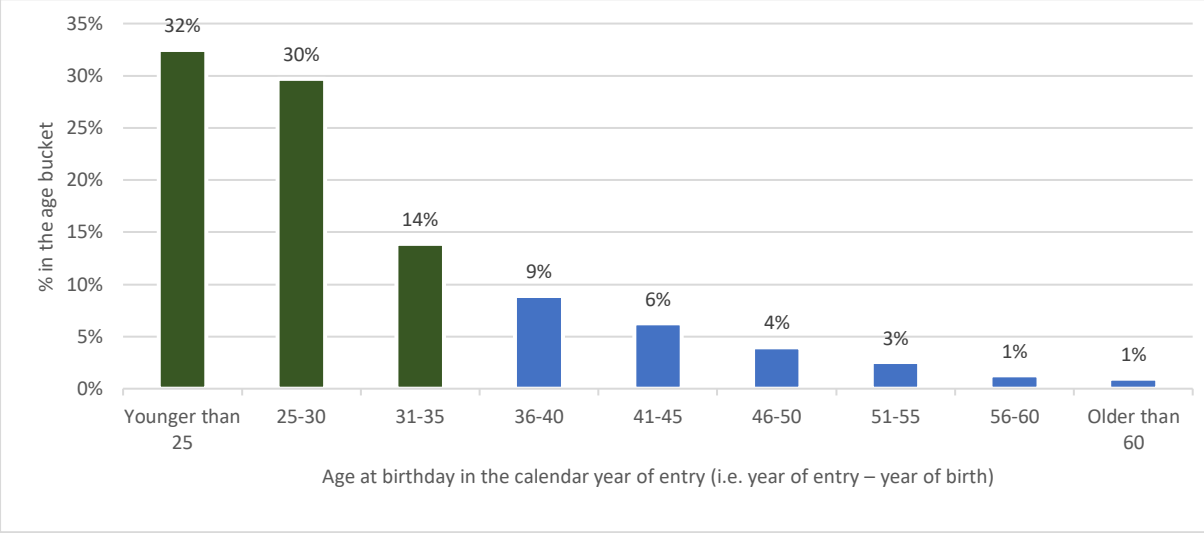
5.1.6.1 Youth

It was recognised that many of the goals relating to unemployed youth – in NSDS I and II – were not realised even though young people were added as a designated group to NSDS II (Groener, 2014). As such, NSDS III aims to significantly open opportunities for youth skills training and overcoming barriers to access employment. The NSDS III states that young people who drop out of secondary school before completion has a small probability of participating productively in the economy. The strategy thus places urgent and focused attention on the youth to raise their education base. The NSDS III's intentions to catalyse programmes targeting youth are outlined in the strategy under **Goal 4.4** "***Addressing the low level of youth and adult language and numeracy skills to enable additional training***" and Outcome 4.4.1 "*A national strategy is put in place to provide all young people leaving school with an opportunity to engage in training or work experience and improve their employability*". Within this outcome, three outputs are proposed; Output 4.4.1.1: A DHET-led process, including stakeholders, develops a strategy supported by all stakeholders. Output 4.4.1.2: A national database tracks training and work opportunities, and reports on implementation of the strategy. Output 4.4.1.3: The DHET partners with stakeholders in the youth sector to put in place training and work experience projects for young people.

As a baseline for this evaluation, an estimated 3.2 million (36.1%) youth were unemployed and 8.9 were employed in 2011, the first year of NSDS III (Stats SA, 2015). The unemployment situation has not improved since, despite policy attention and interventions from a range of public and private entities. This has resulted in a situation where youth are feeling less and less encouraged by the prospects of finding work. DHET reported in its Annual Review 2016/2017 the mean age of those entering Learnerships was 29.9 years, Apprenticeships 27.8 years, Internships 25.3 years; and completing Learnerships (30.9 years), Apprenticeships (30.8 years) and Internships (25.8 years) (DHET, 2017d).

The NSDS III recognised the need to support and develop the youth given the high number of those not in employment, education or training. During the period under review, the skills system facilitated access to learning opportunities for the youth as compared to other age groups. Those 35 years or younger constituted 76% of all enrolments across learning programmes. About 22% of the learners were between the ages of 36 years and 55 years at enrolment.

Figure 5-14: Enrolments by age



Source: DHET Quarterly Monitoring Reports, 2011/12 to 2015/16 (MAS Analysis)

Within the youth grouping, those 25% of younger received a larger access to learning opportunities. That means those leaving school had a higher chance of accessing learning opportunities compared to other age groups.

Whilst no conclusive list of youth skills programmes funded by SETAs or the NSF exists, it was evident that from on-line searches and report reviews that a variety of initiatives and programmes have been funded by the SETAs and the NSF to improve youth unemployment since the inception of NSDS III. Partnerships are also being formed with organisations and businesses that facilitate and/or absorb youth trained through SETA and/or NSF funded programmes. Data however, is sketchy and ad hoc, with no centralised or standardised form of reporting (Jenkin, 2018).

Whilst the reasons for unemployment are complex, there is a concern about South Africa's skills mismatch problem: the business community observe that a lack of experience is one of the main reasons for not employing youth (Melaphi, 2015). As such, a broad range of interventions are required to upskill youth and provide them with the opportunity to contribute

to the economy. According to the Organisation for Economic Co-operation and Development (OECD) the state of NEETs in a country is an indicator for the decline in a country's human capital (Carcillo, 2015). Therefore, changing the lives of historically-disadvantaged youth is a real and pressing challenge facing the South African government (Jenkin, 2018). Thus, while there are examples of success in this space, government (including DHET) and other stakeholders (including organised labour) and private providers indicate that SETA support is not enough in this space.

5.1.6.2 SMMEs

According to NSDS III, the programme of the democratic government includes financial and non-financial business support to SMMEs in order to build an inclusive economy. This target group has in reality two dimensions: the one relates to the development of SMMEs and the other, related factor, relates to the imperative that SETAs face of ensuring that SMMEs within their sector access education and training. The latter objective is of course supported by the former: as training to support the initiation and development of SMMEs includes a focus on ensuring that individuals within existing SMMEs access training.

The NSDS III includes as one of its focus areas support for small enterprises and cooperatives. **Goal 4.6** of the NSDS focuses on "***Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives***". NSDS III Outcome 4.6.1 states "*Cooperatives supported with skills training and development expand and contribute to sector economic and employment growth*" and Outcome 4.6.2 states "*Partnership projects to provide training and development support to small businesses are established in all sectors and their impact reported on".* The related outputs for these respective outcomes, requires that SETAs: identify the skills needs of co-operatives and small and emerging businesses in their sector (through the research that they undertake as part of their sector skills planning process); promote relevant programmes; develop sector projects which are expanded through partnership funding; and, establish a national database of co-operatives and small businesses supported with skills development.

During this period, SETAs increasingly recognised the need to support SMMEs, and started to provide support in various forms, including, but not limited to providing training to employees within SMMEs, placing learners with small firms for WIL and
ensuring that providers are contracted to provide longer term support.

Some SETAs indicated that they provided support on a project basis, where providers were contracted by the SETA to provide skills development support. They explained that this was done to make access to programmes easier, as complying with SETA grant regulations, which include the requirement that a WSP be submitted, was too complex for many small companies.

Other SETAs had a different response: one respondent stated that, "we give grants to small companies, but do not do any special interventions. We try to move away from contracting the training provider directly, there were always issues. Instead we give grants to SMMEs and they secure the services of training providers."

Some SETAs commented on the complexity of providing training to support small companies. A SETA official interviewed commented that "it was difficult to get the SMMEs to release their employees to go for training. Quite often, learners dropped-out of training because they prioritize their businesses over the training". Of concern is that SMME support over the

implementation period has fluctuated downwards starting at about 12851 beneficiaries in SMMEs supported in 2011/12 and this reducing consistently to 8420 beneficiaries in 2015/16. In total, SETAs supported 58 979 beneficiaries located in SMMEs.

In terms of the specific objective of initiating and growing SMMEs, it is recognised that developing viable small enterprises is not an outcome of stand-alone skills development programmes require a comprehensive set of enablers and needs to be undertaken in partnership with others. For example, this review has found that the Small Enterprise Development Agency (SEDA), through its training academy, has prioritised the training of business support officers. This academy, together with others provide training with the intention of ensuring the sustainability of SMMEs.

The NSDS III has though focused on supporting the development of SMMEs through three qualifications within the SAQA framework – New Venture Creation (NVC), Small Business Development and Business Advisory. The Services SETA is the custodian of these qualifications. Between 2013 and 2017, the Services SETA disbursed funding through three discretionary grants to 11 483 NVC learners, investing a total of R405.9 million. A tracer study commissioned by the SETA found that overall, the NVC skills programme was found to have contributed positively to employability of the learners who completed it but that it did not contribute sufficiently to its purpose, which is that of New Venture Creation. The SETA therefore took a strategic decision to drive a programme of integrated entrepreneurship support and developed the ECDI model which was launched in March 2018, committing R1.5 billion rand over 3 years to the Institute. This comprised of 9 components, of which skills development is one notable component located within a broader programme.

Who should government target for small business training

It is common across the globe for government's facing high levels of youth unemployment to propose training in entrepreneurship, small business development and self-employment. The potential beneficiaries of this training are largely young people who have never worked before and are seeking first-time entry into the labour market. Contrary to this policy choice, there is now agreement in the business literature that young first-time entrants are not appropriate beneficiaries of small business and entrepreneurial training. Rather, small business development should be focussed on older people who have experience of work and of particular economic sectors, and who hold the potential to employ themselves and others in a small business venture.

South Africa has additional problems not faced by other developing countries with regard to small business – a smaller informal sector (of informal small businesses) and a much lower start-up rate of small businesses in the formal sector. Much of this has to do with historical factors such as the statutory exclusion of blacks from owning land and small businesses in the national economy, the coercion of black workers into a cheap migratory labour pool, the dominance of mineral extraction in the national economy by a small number of very large firms, and the subsequent development of a highly concentrated manufacturing sector. Little space was left in this historical trajectory for a vibrant small business sector to emerge.

A final problem faced by training interventions in the small business arena is that training on its own is not a sufficient basis for meaningful support to small business owners. Skills development is only one element in a much wider basket of business support needed by small

firms. Very often these other support mechanisms are not aligned to skills development and so the potential value of training can be lost because of other contextual factors.

All of these historical and contextual factors negatively shape the outcomes of training interventions in the small business sector. The roll-out of the 'New Venture Creation' qualification at NQF level 2 and funded by the Services SETA is indicative of the problems faced by such training initiatives. At its conclusion, it was reviewed as a failure because it targeted inexperienced youth instead of people who were already small business owners.

As is evident in the above, education and training on its own is not sufficient, even if offered at higher education levels, to resolve societal problems such as unemployed youth. However, the role of higher education in the start-up of highly innovative firms, often linked to pioneering applied research and development taking place in universities, is a key dynamic in the new economy – based on innovation and knowledge. But the personnel behind successful high-growth, high-tech start-up firms are usually professors and their masters and PhD students, as well as partners in the private sector who have committed funding to ensure the commercialisation of the innovations developed in higher education. South Africa is weak on this front as well – although there are indications of some improvement in the past few years.

The Global Entrepreneurship Monitor report measures the difference between necessity-driven and opportunity-driven total early-stage entrepreneurship. In 2015 the figure for opportunity-driven entrepreneurship was 65.7%. In 2017 this had risen to 74.4% (compared to 23.6% necessity-driven entrepreneurs) suggesting that more people in the economy are choosing to start enterprises.

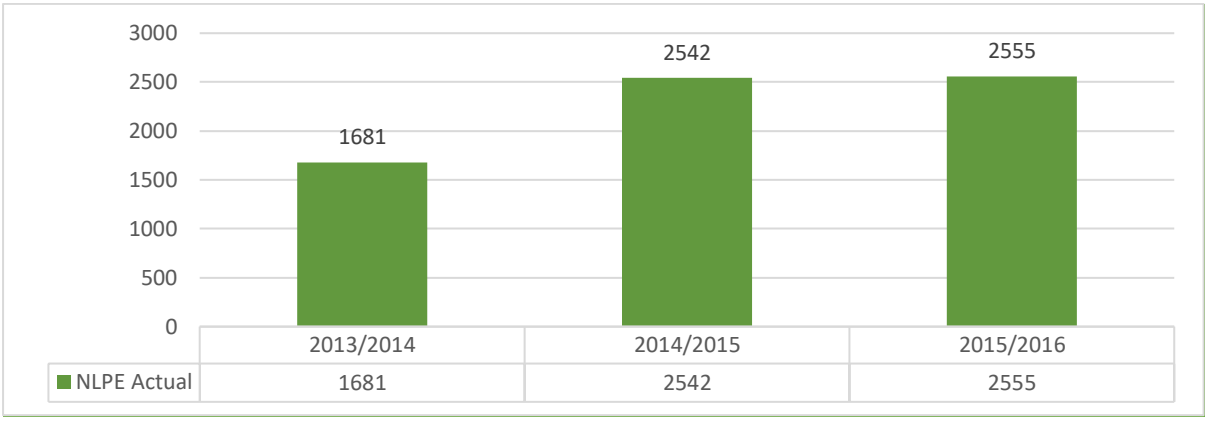
Improving entrepreneurship capabilities at higher education is now more urgent given the rise of the fourth industrial revolution and its associated new digital technologies. Entrepreneurship has become more sophisticated, requiring greater capacities for transforming ideas into creating value in a rapidly changing business environment. In response, many universities globally are beginning to promote entrepreneurship programmes on their campuses – including start-up incubators, technology transfer offices, MBA-style entrepreneurship programmes and business support services to small firms. South Africa has many such initiatives, with incubators and technology transfer offices established at universities and universities of technology and funded by SEDA, DTI and DST. The SETAs have come on board, supporting some of these initiatives with industry. The example of the Resolution Circle Incubator in Johannesburg – an IT incubator – was cited earlier. It is part-funded by merSETA.

5.1.6.3 NGOs, community-based organisation, cooperatives, worker education

The NSDS III recognises that cooperatives have historically played and continues to play a significant role in providing a sustainable livelihood to many people who are not in formal employment. Cooperatives therefore need to be supported; this underpins the emphasis placed on these institutions in NSDS III: Section (b) states that, "the NSDS III must support the training needs of the cooperatives, including relevant capacity building for the secondary, apex and cooperative movement as a whole". This requirement suggests that both SETAs and the NSF have a role to play in supporting cooperatives.

The SETAs have a specific strategy to support Non-Levy Paying Enterprise (NLPE: this includes encouraging the entities to apply for discretionary grants for specific activities that meet prescribed criteria. Figure 4.15 represents a breakdown of NLPE supported by SETAs. It should be noted though that data between 2011/12 and 2012/13 is not included.

Figure 5-15: NLPE Supported by SETAs



Source: National Skills Development Implementation Report 2011 – 2016

Data shows that from 2013/14 to 2015/16, SETAs managed to support 6788 NLPEs. The low participation of NGOs, CBO, NLPE and COOPs is partly due to grant disbursement processes among SETAs, which are characterised by complex administrative systems and compliance requirements which makes it difficult for these players to access funds. This was a view expressed at a meeting of the Nedlac community constituency where it was also stated that NSDSIII promised a great deal to the non-formal sector but the reality has been very different with most of the community constituency having challenges in accessing complex grant processes that require a high level of administrative compliance. The Figure below represent a summary of NGOs, COOPs and CBOs supported by SETAs as explained above.

Figure 5-16: NGOs, COOPs and CBOs Supported by SETAs

Source: National Skills Development Implementation Report 2011 – 2016

The graph shows SETAs performed well in supporting cooperatives when measured against their targets for the implementation period. However, this was not the case with NGOs. From 2013/14, the NGO target declined from 1 373 to 726 in 2015/16 while support gradually and constantly increased from a target of 474 to 587. CBO supported fluctuated throughout the

years, increasing from 51 in the base year to 120 in 2012/23 and again decreased the subsequent year, then remained relatively constant onwards.

There are though examples of good practice involving partnerships although at a small scale. merSeta for example, partnered with unions in an Artisan Recognition of Prior Leaning Programme (ARPL) pilot project for union members. Unions were required to nominate individuals to participate in such training. The business model involves SETAs providing funding to NGOs who in turn should secure their own provider. The condition is that the contracted provider must be accredited. Funding focused on women, youth, people with disability, military veterans and rural development. Target institutions include NGOs, CBOs and women organisations.

In addition, NGOs have proved themselves very capable of supporting young people along the pipeline through schooling into university, then acquiring work experience, and finally, acquiring the first job. Research by Marock (2015) has shown how this has occurred with *Harambee* (working in retail and hospitality); *Jumpstart* (funded by Mr Price which works in retail); and *Go for Gold* (which is focused on the built environment).

All three of Marock's case studies arose from the prior activities of prominent employers who, through 'corporate social responsibility' commitments, were concerned to intervene to ameliorate high levels of youth unemployment in the country. They were also driven by self-interest as employers, seeking to find ways ofmore effectively recruiting new entrants who met the company's minimum criteria and who stayed the course through the probationary period and thereafter. The genesis of the three case studies examined by Marock were as follows:

- *Harambee:* This NGO arose from a 2010 'Yellowwoods Social Investments' decision to undertake research to better understand the employment and retention issues faced by their South African member companies, and to understand why so many young, first-time work seekers were not able to access available employment. In 2011, this strategic research led to the formation of Harembee, and the piloting of their youth employment accelerator programme. In 2012, Harambee got a sizeable 'Jobs Fund' grant from government to place 10 000 first-timers into work in the retail and hospitality industries which had significant 'low-complexity, low skill' employment potential.

- *JumpStart:* JumpStart was initiated by the 'Mr Price Foundation' to address skill shortages in the 'Mr Price' retail clothing group. The programme grew rapidly, winning support from other large employers in the retail sector. Jumpstart also recruited over 20 other NGOs to undertake the training components of the programme. In 2012, this NGO also received a grant from the Jobs Fund, with a commitment to train and place 6000 first-time entrants into work.

- *Go for Gold*: It arose in response to the critical shortage of candidates from disadvantaged communities for management and professional positions within the construction and built environment industries. Neil Muller Construction (NMC) initiated conversations with the Western Cape Department of Education and the Amy Biehl Foundation to try to address this issue. Working in partnership, they developed a model for a programme to provide specialised educational training, work experience as well as sponsorships for students to cover their tuition costs as they continued into their

tertiary studies. The model is essentially a 'pipeline' approach from school to work, comprising recruitment in Grade 11 and 12, with beneficiaries offered extra tuition in math's and science, followed by 'work readiness' training in the school, leading to a 'gap year' working in the industry after school, and then onto tertiary studies, with internships offered in the industry during the university holidays, culminating in the 'gold standard' – a guaranteed job in the construction/built environment industry after graduating. Go for Gold is different from the first two NGOs in that it has active government involvement and support via the Western Cape Education Department.

All three NGO interventions have been very successful over the past decade in placing young unemployed people in work. They are supported by a distinctive group of employers with a social conscience, who through their corporate social responsibility programmes are committed to build a more inclusive South Africa – by working with or forming NGOs with the necessary education, training and employment expertise, and offering financial support and the necessary sectoral clout to make a difference.

Another determinant of their success is significant intermediation and brokerage undertaken by the NGOs to persuade reluctant employers to take on unemployed graduates if they are trained and mentored ('socialised' for work) by the NGOs (especially through providing after-care).

Another excellent example of NGO work in the skills development environment is the World-Wide Fund (WWF) which received R8.4 million from the NSF to employ 50 post-graduates in environmental NGOs across the country in the field of building green skills and a green economy. The aim of the programme is to attract suitably qualified individuals and actively support their development and transition into careers in the environmental sector.

The WWF has a well-structured and well-run internship programme that started in 2007. The bulk of the funding from the NSF will be utilised as stipends for 50 post graduate interns placed at various organisations across the country. The interns will gain valuable workplace experience and training in order to develop them into competent professionals in occupations that fall under what can be termed green skills in high demand. These are occupations such as environmental scientist, urban and regional planner, statistical ecologist, energy efficiency technician, marine biologist, environmental managers and water quality technician; amongst others. They are placed with an organisation in order to gain experience and are provided with suitably experienced mentors trained by the WWF. The internship programme ensures that 75% of interns are black South Africans. It also monitors the gender ratio of interns accepted into the programme. Placement rates for graduates in this programme in permanent environmental work was determined via a tracer study to be 83%. Some of the key success factors they have been identified are: the importance of matching interns with mentors who have undergone high quality and relevant training; providing networking opportunities; and an excellent induction programme.

Many of these NGO success stories are occurring outside of the skills system and its levy funding. However, given the success of this NGO work in the youth labour market – as these examples suggest – it is proposed that such work should be more effectively integrated into the work of the NSDSIV than has been the case currently. Also, best practices learnt from

these cases should be more widely advocated and taken to scale in bigger initiatives forged between NGOs, SETAs, industry and government.

However, in terms of interviews conducted, respondents from DHET, Government and other stakeholders and employers state that not much has been done in terms of identifying established and emergent cooperatives and small businesses, nor has relevant programmes been promoted. Challenges listed include that: the QCTO is advocating for accreditation of workplaces so that the workplace exposure is of the requisite level which is challenging for small businesses; small companies generally do not have easy access to graduates because they do not have big advertising or recruitment budgets; and a very small proportion of the organisation participates in the skills system and therefore cannot claim discretionary grants, thereby reaffirming the analysis in the introductory section.

When determining whether sector projects were established by sector stakeholders and supported by the NSF, DHET respondents stated that the provision of support for cooperatives and small enterprise programmes could possibly belong in the domain of the Community Education and Training (CET) college sector. However, although these structures have been created as an amalgamation of Public Adult Learning Centres (PALCs), the DHET CETC Branch has very little capacity and funding stream currently. Government and other Stakeholders on the other hand, stated that the NSF has done relatively well. The only challenge is the over-concentration of allocation of projects funding. For example, one entity would be allocated R50 million to run multiple projects across the country instead of distributing resources to multiple entities spread across the provinces to optimize the utilization and impact of resources.

One case study illustrated that a striking feature of small companies is how much intensive on-the-job training and support is provided, in the absence of any external incentives. This appears to be due to the close-knit personal relationships that exist or develop, and the high levels of inter-dependence required in a small business. The argument for using small businesses to incubate skills through work experience should perhaps be explored more fully than it has been to date. There have been examples of programmes that have yielded successful results; these demonstrate the extent of the requirements to enable this success.

Using value chain opportunities to develop small business: Monde Zimele

Much of the innovative work in small business is happening outside of the skills system. For example, in 2011 Mondi, the global packaging and paper company, transferred 5 500 hectares of land in the Kranskop district of the KZN Midlands to the Isigedlane Community Trust. Following the land transfer, the farm was leased back to Mondi for twenty years. As part of the lease conditions, Mondi is required to transfer skills to the community to perform forestry operations, so that they can run the entire business, should they choose to do so at the end of the lease. Out of this arrangement, Sibuyile Investments (Pty) Ltd, a silviculture contracting business, was borne. Mondi, through its development programme, Mondi Zimele, worked with Sibuyile to develop a business and financial plan, identify and train staff and run operations. Mondi Zimele aims to build a development model of integrated and focused support, which would provide a motivated small business owner with the strongest likelihood of success, taking into account that the lack of funding is one small component of the challenges faced by emerging entrepreneurs. The strategic alignment of the needs of the commercial business and its supplier development programme is key to its success.

Sibuyile now employs 190 people and manages all aspects of the silviculture business, including land preparation, planting, maintenance, fire prevention and management of open areas for conservation. In addition to skills development and access to finance, Mondi Zimele has provided a mentorship role, working with Sibuyile to find solutions to operational challenges. Sibuyile is a good example of the success of Mondi's entrepreneurship development programme. Monde Zimele has now expanded its support programme into the Forestry Partners Programme to provide support to land reform beneficiaries and small-scale community forestry and established a Mondi Zimele Jobs Fund to provide more generalised support to community businesses such as road construction, environmental management and general construction. Monde Zimele's emphasis has shifted increasingly towards recognising the value of appropriate skills development and mentoring support. Monde currently runs an entrepreneurship development programme, implemented over seven months. Run MBA-style with classroom instruction on Saturdays, across three locations (Zululand, Midlands and Mpumalanga), the participants are asked to prepare a proposal and pitch for a forestry tender. Out of a class of 20 people, Monde Zimele hopes to identify 5 strong entrepreneurs. Through this model, Monde Zimele will have known the entrepreneur for close to a year, before he or she is offered business finance.

Some programmes were funded and implemented but did not yield the intended results as described below (Fredericks, 2018b):

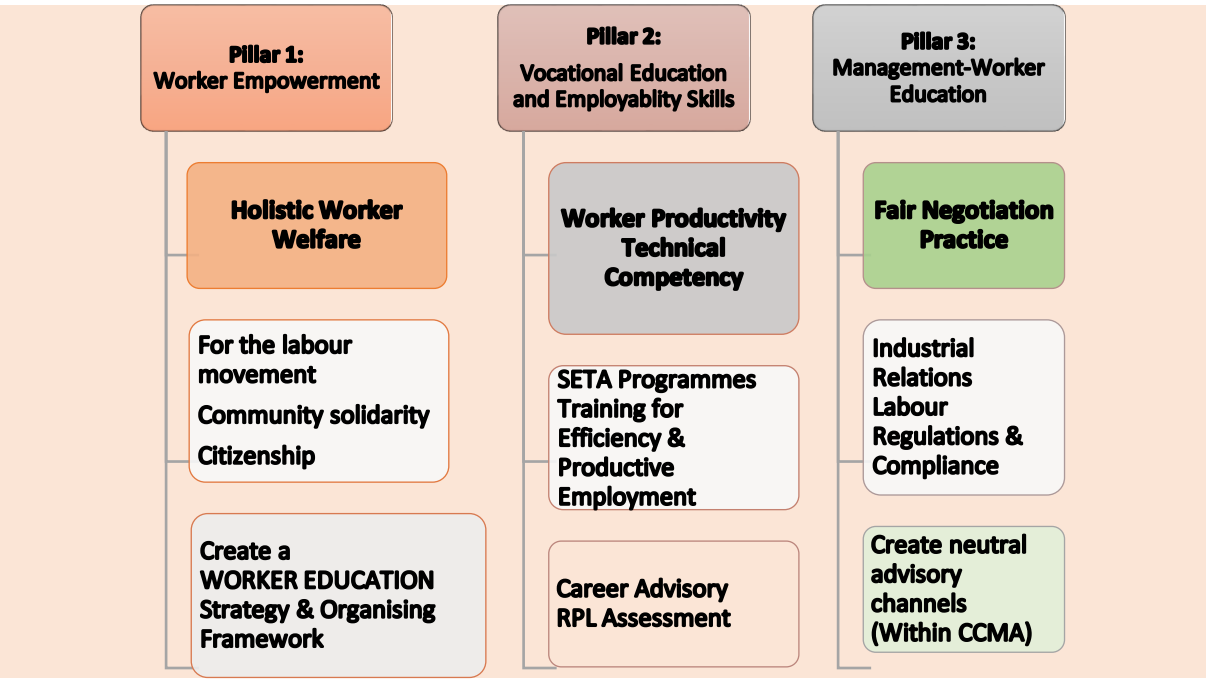
Sew Southern Africa – FP&M SETA funded sewing project

Sew Southern Africa, an accredited Level 2 Garment Making National Certificate Qualification private training provider, operates a franchise model working nationally. Sew Southern Africa applied for a grant to the Fashion Council in 2015 which was approved in 2016. In 2017, the Fashion Council was liquidated due to a halt in funding. The application for the grant from Sew Southern Africa reverted to the SETA. The company was thus funded for a sewing project by the FP&M SETA at R3 500 per learner. The grant received from the SETA was just for training (460 notional hours or 46 credits). With regards to the implementation, the programme started on the 4th of September 2017 and was completed at the end of November 2017 (a three-month programme). The programme was split between learning how to sew on a domestic machine, up to about level 1 i.e. making simple bags, shirts and pants, and learning some business skills with the aim of equipping learners with the needed skills to start their own business. In terms of outputs, the programme was aimed at 42 students,30 students started the programme and 17 students completed. According to the providers, most students dropped out because of transportation costs whilst others found paid employment. After contacting a sample of the students that completed the FP&M SETA programme, it was found that none of them are employed or self-employed in a sewing related job. The main reason given for this is that they had not received their certificates of completion yet. Without the certificate they have no proof of their acquired skills to show a potential employer. However, all of them noted that the programme added value to their lives as they have learnt valuable skills. Some have stated that they use their sewing skills part time to earn some extra funds. Most of the students stated that they would recommend the programme to others should it be available again. But, ultimately, the programme did not achieve its intended results

5.1.6.4 Worker Education (WE)

A report published by the HRDC (2014) divides WE in South Africa into three focus areas, each with a different starting point, a distinct frame of reference informed by desired outcomes and objectives. These focus areas have been called the "three pillars" of WE. It is presented in the Figure bellow.

Figure 5-17: Three pillars of Worker Education



Source: WE Framework Final Research Report, 15 August 2014

The NSDS III discusses the challenge of low productivity in the workplace, slow transformation of the labour market as well as a lack of mobility of the workforce. This is largely as a result of inadequate training for those already in the labour market. There is thus a commitment in the NSDS III to the development of employed workers. NSDS III Outcome 4.5.1 states that "*Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to change in the labour market*". Under this Outcome, Output 4.5.1.1 states that "*SETA stakeholders should agree on the provision of substantial quality programmes for workers*". The role of trade unions to support this goal is crucial.

NSDS III states that trade unions and WE and training initiatives are able to use the critical networks of their organisations (e.g. shop stewards and union officials) to educate their members and other workers to suit their needs in a manner that is also beneficial to the economy as a whole. South Africa has a long history of WE and training that needs to be supported and expanded. Worker-initiated education and training can contribute to a workforce that is better able to understand the challenges facing the economic sectors in which they operate. This would benefit the workplace, our economy as well as the developmental objectives of our country.

The National Labour and Economic Development Institute (NALEDI) conducted a WE needs analysis looking at the provision of WE in South Africa (2018). The researchers found that in 2017, there were 189 Trade Unions (TUs) registered in South Africa with union membership highly concentrated in relatively few TUs and Labour Service Organisations (LSOs), and further that an estimated three quarters of National Union membership resides in just 20 large to medium unions. The implication of this is that WE efforts are concentrated in relatively few TUs and LSOs. They also found that the total National Union membership was at 3.942 million individuals.

When using a sample of 14 TUs with a total of 26 636 Shop Stewards and 1.820 million members (46% of the total National membership), they found that these unions trained 15 061 Shop Stewards in 2016/17 (56.5% training rate). It should be noted that training in this case only referred to a Shop Steward attending some form of WE and does not include vocational education. Generally, the core focus of TU training is basic Shop Stewards training, followed by labour law and representation as well as politics/economics, gender and health and safety.

When using estimated Shop Steward numbers of 5 LSOs, they calculated a total of 60 366 Shop Stewards with 3 727 of them being trained between 2013-2016, a training rate of 6.2%. The average age of learners was 41 years old with the majority of them being men (63.4%). Basic Shop Stewards training is not the focus of the LSOs curriculum as they largely focus on emancipatory education, followed by trade union functional skills and general labour studies.

Educators in both TUs and LSOs have significant union experience, adult education experience and WE experience. For TUs, 40% of educators have a diploma and 20% have a degree whereas for LSOs 14% have a diploma and 38% have a degree.

A case study was conducted looking specifically at the implementation of WE programmes facilitated by Ditsela. Great efforts are made to provide accredited training, but the numbers trained are small, mainly because it is difficult for shop stewards to take time off work to attend the training. Other programmes are designed as short courses and are better attended but suffer from the difficulties of Ditsela running programmes in provinces from offices located in Johannesburg and Cape Town. Resources are stretched and costs are high. Although many trade unions do some training themselves, some battle to provide the required training and rely on Ditsela to do the training. Responses from shop stewards in a survey and interviews indicates a concern that in an increasingly complex environment shop stewards and officials are not adequately trained to respond (Engelbrecht & Fredericks, 2018).

5.1.6.5 Provincial and National government

In public service there are dual reporting departments, PSETA work is concentrated on skills development among the Senior Management Service and on transversal skills such as administration and management. In terms of Outcome 12 of the Medium Terms Strategic Framework focussing on the public service, in order to achieve a Public service that is a career of choice, the following key actions have been outlined:

- Develop mentoring and peer support mechanisms for senior managers,
- Build capacity through learning and development Interventions,
- Develop mechanisms to help departments strengthen their internal HR capacity and
- Support the appointment of youth into learnership, internship and artisan programmes

The DPSA working with SETAs and other stakeholders are expected to help support the development of an efficient, effective and development-oriented public service. Between 2011-2013, of the 189 703 - 208 856 employees trained per year, 16-24% annually were clerical support workers, 2.5-5% annually were employed in elementary occupations, and 0-9% annually were service and sales workers.

One of the key targets was to ensure 100 000 youth are appointed to learnership, Internship and artisan programmes across the public service. By 2014, most public service departments had put learnership and internship policies and programmes in place, although lack of funding

was sometimes a constraint, and the programmes were not always aligned to departmental scarcity and skills needs. Increasingly bursaries were being offered by departments.[7]

The development of the public service role in making spaces available for internships, learnerships and artisan development programmes, as well as opportunities for Work Integrated Learning (WIL) has been widely and strongly emphasised. According to the *Determination on Interns in the Public Service made by the Minister for the Public Service and Administration* (undated), interns are formally contracted by host departments for a period not exceeding 12 months, to be supervised in formally structured learning and skills development programmes for the duration and supervised by trained mentors or coaches. Each individual should be assigned a mentor with whom an agreement is signed that includes a work plan. Interns have prescribed entitlement to leave and a monthly allowance. Remuneration schedules are defined for interns from NQF Levels 1 to 10.

The DPSA Annual Reports provided the following statistics that indicated incremental recruitment of interns, learners and apprentices by public service departments:

Table 5-5: Incremental recruitment of interns, learners and apprentices by public service departments

Period	Actual Numbers reported
2009-10	4 002
2010-11	19 278
2011-12	20 370
2012-13	17 820
2013-14	27 350
2015/16	26 055
TOTAL	114 875

Source: DPSA Annual Reports 2013/14 and 2015/16

Although problems were identified with the data on which it was based, a 2016 DPSA analysis[8] of the implementation of internship, Learnership and Apprenticeship programmes in the public service over the period April 2014 to March 2016, presented the following statistics:

- Of the total 44 739 recruited into departments in the 2014/15 financial year, 44% were interns, 54% were Learners and 2% were apprentices. Indications were that 65% of national departments achieved or exceeded the 5% of departmental fixed staff establishment target, while provincial departments tended to be below 5%. Of those who had completed their Learnership contracts in national departments, 49% had secured employment, while this was the case for only 8% of those recruited by provincial departments.

  Fewer were recruited in 2015/16 (30 708), with similar, although slightly less differentiated, programme profile. The proportions recruited nationally and provincially were reversed from the previous year, with 70% in provincial departments. 75% of the national departments achieved the 5% targets, but only Gauteng of the provincial departments did so. Only 4% of those recruited by national departments had been taken into employment, although 49% of those recruited by provincial departments had been.

[7] The Review Report of the PS-HRDSF Vision 2015 Final 01 April 2015

[8] DPSA HRD Chief Directorate. Report on the implementation of Internship, Learnership and Apprenticeship Programmes in the Public Service 01 April 2014 – 31 March 2016. (Unapproved Draft).

The following tabulation of numbers of interns, learners and apprentices recruited per provincial department was presented:

Table 5-6: Interns, learners and apprentices recruited per provincial department

Province	Internship				Learnership		Apprenticeship		Other Programmes		Total number of Interns Learners & Apprentices	
	Number of Graduate interns		Number of student interns		Number of learners		Number of Apprentices					
	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16
Limpopo	1249	876	1037	1235	473	453	90	271	0	0	2849	2835
Eastern Cape	917	478	398	7	454	76	733	0	0	0	2502	561
Mpumalanga	692	1012	77	0	224	200	0	18	0	0	993	1230
Free State	273	272	700	1303	1270	662	0	38	0	0	2243	2275
Western Cape	1176	104	43	236	124	258	25	205	0	1679	1368	2482
North West	488	415	63	265	287	344	70	50	0	0	908	1074
Northern Cape	35	126	85	21	97	46	0	96	0	0	217	289
Gauteng	344	1012	122	301	86	8969	23	158	0	3	575	10443
KwaZulu Natal	1314	346	424	69	238	0	0	0	0	0	1 976	415
Total	**6488**	**4641**	**2949**	**3437**	**3253**	**11008**	**941**	**836**	**0**	**1 682**	**13631**	**21604**

Source: DPSA HRD Chief Directorate. Report on the implementation of Internship, Learnership and Apprenticeship Programmes in the Public Service 01 April 2014 – 31 March 2016. (Unapproved Draft)

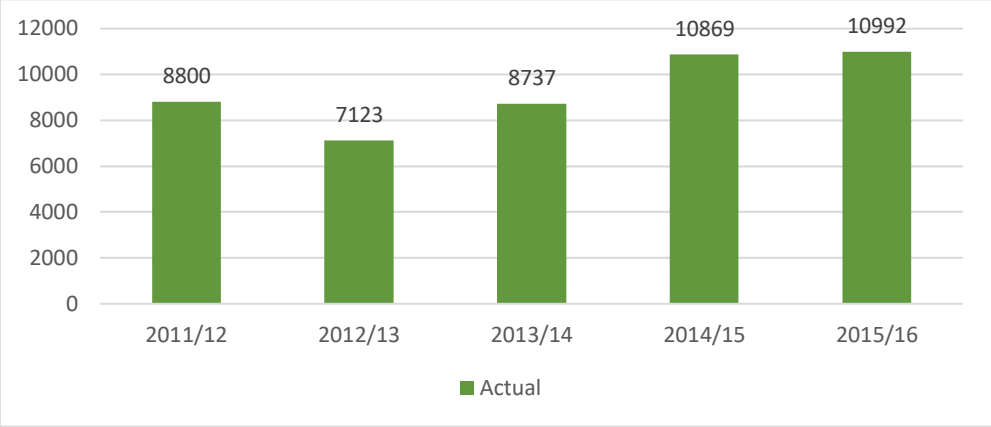
The DPSA Annual Report 2016/17 observed that a difficulty was that many departments regard the programme as their social contribution rather than a means of growing their own skills, and consequently do not provide the necessary developmental support to individual recruits, leading to their return to unemployment on conclusion of their term of tenure.

Later PSETA Annual Reports distinguish in their data between public service workers as compared to the unemployed, whether programmes are funded by PSETA or the sector, and the types of programmes into which learners are entered, or complete, including Learnerships, Internships, Artisan Development programmes, skills programmes and bursaries. Nevertheless, the NSDSIII Implementation Report[9] offers the following picture from a SETA perspective, noting that SETA data indicated a consistent underachievement of placements of learners in the workplace against targets, despite direct efforts to form relevant partnerships with parastatals (p166). The question was also raised whether the focus on unemployed youth had been to the detriment of development of the workforce.

An extract of the data on numbers of workers (public and privately employed) entered into SETA Learnerships over the period 2011-2016 for those SETAs having a greater preponderance of public service departments shows HWSETA with the greatest numbers (12 928 over the entire period). PSETA (1 508) and ETDPSETA (1 785) had the fewest. Comparison of actual placement of workers into Learnerships against targets for the year indicates a substantial increase in the later years (see below).

[9] National Skills Development Implementation Report 2011-2016: A five-year Analysis – Achievements, Challenges and Recommendations

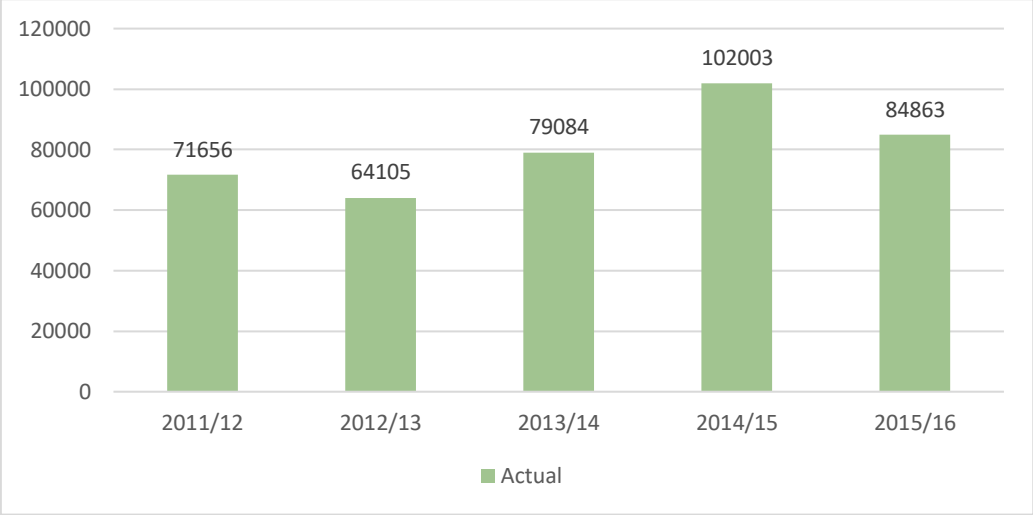
Figure 5-18: Workers entered into SETA Learnerships



Source: NSDSIII Implementation Report

A similar extract of data on numbers of workers entered into Skills Programmes for these SETAs shows HWSETA (26 343) with the greatest numbers here too, and PSETA with the least (3 499), followed by EWSETA (4 149). Comparison of actual placement of workers into SETA Skills Programmes against targets for the year indicates a general achievement beyond the targets, and a broad increase overall (see below).

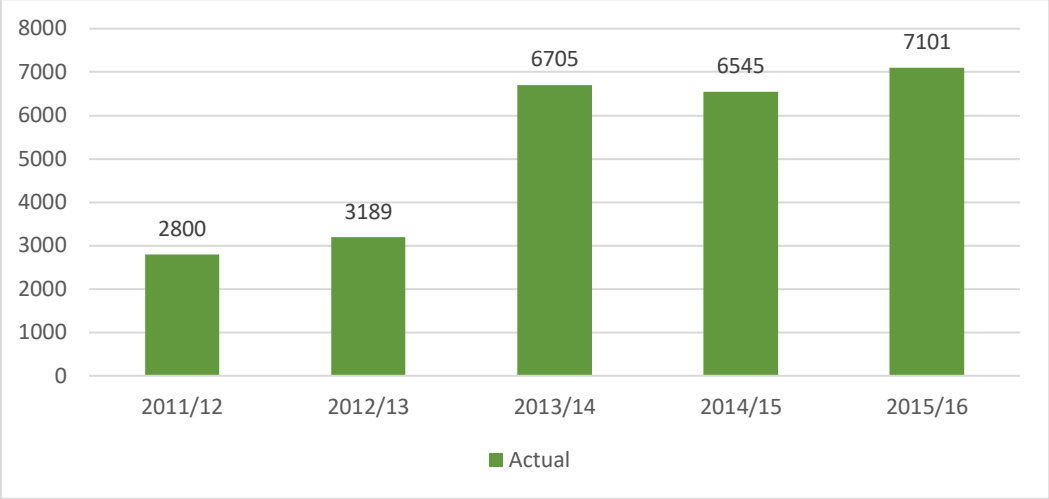
Figure 5-19: Workers entered into SETA Skills programmes



Source: NSDSIII Implementation Report

When considering SETAs having a greater proportion of public service departments, data on bursaries awarded to workers entering into a SETA learning programme shows that ETDPSETA awarded the greatest number of bursaries (2 491), followed by PSETA (1 524), with the fewest bursaries awarded by EWSETA (24) and AgriSETA 387).

Figure 5-20: Bursaries awarded to workers entered into SETA Learning programmes



Source: NSDSIII Implementation Report

In addition to the above, a range of other programmes were also undertaken to address skills development and capacity building in the public service. At least nine SETAs, including the PSETA engaged in learning interventions in partnership with government departments and national and provincial level. Major projects reported in the DPSA Annual Reports over the period 2011/12 to 2015/16 included development of a career guide, building capacity for managing projects, Staff training and development in critical areas such as records management, risk management and project management, workplace learning, artisan development as well as mentor training.

In alignment with the DPSA's *Public Service Human Resource Strategic Framework*, a competency framework for middle- and senior-management in the Public Service has been developed in support of development and recruitment of public service managers, with focus areas including financial and people management, and service delivery and innovation. Major projects reported in the DPSA Annual Reports over the period 2011/12 to 2016/17 included providing training, technical and advisory support, compulsory capacity building and mandatory training days for departments in the public service, service delivery planning framework and methodology, addressing vacancies as well as addressing the lack of compliance by departments to regulations and policy prescripts

In terms of strategy, after the transfer of the Skills Branch to DHET and the development of NSDS III, a concerted inter-departmental effort was made to plan skills development implementation in the public service. The slogan 'turn every workplace into a training space' was taken up within the public service. Priorities were agreed, and targets were set, and the reported numbers indicate that the need to address this 'supply' opportunity for training is being acknowledged and increasingly is being addressed. However, it is clear that these efforts need to be better integrated with the 'demand' side and should be utilised with the aim of improving provision of service in the public sector through greater emphasis on quality and coordination, rather than merely compliance. NSDS III makes it clear that the purpose of these programmes is to develop a more 'capable' state and to support the creation of a 'developmental' state. There is little evidence of programmes being focused on achieving these goals. Rather the goal appears to have been creating work and training opportunities for unemployed people – a sound and well supported goal but addressing only the NSDS goal

of expanding workplace learning. Internships are generally a year long, following which people leave. While individuals benefit by gaining skills and experience, these are not adequately incorporated into the public service. Thus, although the expansion of workplace learning is to be welcomed it is not the best use of resources if the learned skills are not retained.

5.1.6.6 State-owned entities

Historically, SOEs used to do a lot of training for the economy broadly, especially artisan training. In the late 1990s corporatisation and focus on "core business" as well as the establishment of SETAs (and a focus on learnerships rather that apprenticeships) resulted in much of that training role being dropped. Eskom for example, reported little budget for training and as a result, the company only trains for its own needs. Accordingly, the company intended to commercialise Eskom Learning Academy and open up to foreign nationalities having already started training learners from countries such as Ghana and Mozambique in engineering, construction and system operations.

NSDS III signalled an intention to revive the training function in SOEs, particularly in relation to artisan training "as part of the shareholder compact to contributes to the country's socio-economic drive" (HSRC, 2011). To ease the financial burden, SOEs established partnerships with key funding agencies such NSF and SETAs. Between 2012 and 2016, NSF allocated a total of R132 444 million: Transnet (R175 million), Denel (R67.5) and DTI (R200.3 million). In 2015/16, NSF reportedly allocated R175 to Transnet, SAAT, Eskom and the DTI (DHET, 2018).

Following the launch of the SIPs in 2012, SOEs were assigned to lead one or more of the SIPS. The SIPS had a mandate to deliver skills for the project and to create employment. To affect this, the entities were expected to adopt strategies for partnerships, source funding from SETAs and the NSF to lead training for SIPS priority occupations. The DHET has initiated a Centre of Specialisation project to build capacity in 26 selected colleges across the country. The object is to mobilise human and material resources with a view to building capacity of the Colleges to specialise in one or more of the 13 priority occupations identified by the DHET as in demand within SIPs. The launch of Medupi Power Station and Saldanha Bay IDZ are two worthy case studies, and models that could be replicated in other spaces. It is noteworthy that Medupi was launched in 2007, and only incorporated into SIPs in 2012, and therefore its 3000-artisan target was informed by those set by JIPSA. While that may be the case, Medupi does provide a good point of reference for the purpose of the NSDS III evaluation.

Before and training was undertaken, Eskom led a fact-finding mission to identify the needs of feeder schools such as laboratories, teacher development, equipment, additional classrooms, etc. The object of the undertaking was to assist the local schools to improve their Mathematics, Science and language throughputs as enablers for accessing engineering skills training that would be required for the construction and maintenance of power station. Eskom eventually provided 6 mobile schools, additional teachers and equipment. With due recognition of capacity limitations of Lephalale TVET college, the company collaborated with its first contractor, Murray and Roberts, to establish Tlhahlong Artisan Training Centre as an extension of the College, and appointed Gijima as the training provider. Murray and Roberts invested about R32 million towards the construction of the workshops, classrooms and equipment.

To achieve its targets, Eskom's contracts had in its tender specifications a *'clause'* that obligated contractors to train employees and local communities to become artisans and to train in other critical skills required for the construction of Medupi station. Accordingly, the specifications included a matrix of skills types required, recruitment procedures for learners and quantities that each of the contractors should achieve and report on (interview).

Eskom further established the Medupi Leadership Initiative (MLI) as a stakeholder representative involving employers, training providers, the municipality, unions and civil society representatives. The Initiative was tasked with facilitating the training and re-training of demobilised worker and community members in Modular Employable Skills (MES) programmes across some 22 SETA-accredited engineering skills programmes. This was in recognition of the fact that when the construction of Medupi winds down, some of the contractors will demobilise their labour force. The MES training programmes were first implemented in 2013, and largely funded by the SETAs, mainly merSETA and CHIETA. Both the Centre and the College were actively involved in the training.

Since 2008, the Centre has produced 714 artisans of which 400 were reportedly employed in Medupi (Interview with the Centre Manager). Accordingly, the Centre was reportedly achieving a pass rate of 89% compared to the national pass rate of 49% and accounted for about 800 learners trained MES. The interviewee noted though that inadequacy of funding handicapped the capacity of the centre to scale-up enrolment, and that where funding was made available, it was not adequate to cover the full cost of training an artisan without 'cutting corners', which had the potential to compromise quality. One of the major concerns was the absence of EWSETA, which was considered a lead SETA to support Medupi training initiatives.

5.1.6.7 Skills development and Industrial strategy

In Saldanha Bay, the IDZ had committed to train at least 520 learners annually. With funding from merSETA and CHIETA, the IDZ trained about 595 learners of which 364 were trained in programmes that had also been identified as being SIPs Priority Occupations. In 2016, 55 learners had been attached to workplaces within the SBIDZ. To advance its training agenda, the IDZ established:

- Partnerships with Provincial Skills Development Forum, DHET's SIPS skills activities, NSF, SETAs, Department of Labour's ESSA system, DTI, SAOGA, Nelson Mandela University, UWC and civic society;
- Community Skills and Training Forum (CSTF) with Saldanha Bay Civil Society. This led to the signing of the CSTF Charter by Saldanha Bay Ward Councillors in 2013;
- Credible and accredited private providers within the Municipality due to limited capacity of the local TVET college to train in skills required by the industry; and
- Prior to implementation, the IDZ conducted a Pre-Feasibility and Workforce Analysis Studies which informed the planning.

5.1.7 Articulation

The NQF's objectives within the context of the NSDS III foregrounds access to occupationally directed programmes as critical whilst putting aspects like mobility, progression, portability and articulation at the centre of implementing quality education and training. It is therefore important for the evaluation to also explore lessons learnt from existing articulation initiatives especially between TVET Colleges and HEIs in the promotion of the NQF objectives.

Examples where such articulation initiatives could have taken place to improve mobility within and between NQF sub-frameworks, RPL and other associated interventions become key in this section.

The National Articulation Baseline Study of 2017 conducted jointly by SAQA and DUT has set the scene for establishing this improvement. This study investigated the successful models that exist, for student transitioning between TVET Colleges and Universities of Technology (UoTs)/ traditional universities, and workplaces. Its findings showed that around a third of the TVET Colleges surveyed reported the existence of their formal articulation arrangements; half are participating within informal arrangements, and a seventh within a combination of formal and informal arrangements. Just under half of the HEIs surveyed are participating in formal articulation arrangements, and a quarter in informal initiatives. In short, all of the TVET Colleges reported engagement in some articulation activities, while over two thirds of public HEIs did.

These improvements were also supported by a case study conducted by the evaluation team as part of the NSDS III Evaluation, termed a case for articulation and access within skills development programmes in the promotion of the NQF objectives through a partnership between INSETA, UWC-FETI, Financial Planning Institute (FPI) and 5 TVET Colleges. This is an articulation pathway between a level 5 qualification offered by a TVET College and a University qualification (Advanced Diploma in Management - ADM), based at NQF Level 6.

Although the NQF evaluation report of January 2018 reflected that a level 5 occupational qualification for instance, would not necessarily earn credits towards a bachelor's degree, there are lessons to learn from this case. UWC-FETI together with UWC-School of Business Finance (SBF) were able to map out what they had termed "an articulation path" from NQF Level 5 Certificate in Wealth Management to the Advanced Diploma in Management Studies. This exercise had formed the basis of a professional pathway in financial planning that UWC-SBF accepted and shaped its own provision to develop a Postgraduate Certificate in Financial Planning. Other HEIs like the Nelson Mandela Metropolitan University (NMMU) had also shown interest in piloting their own articulation paths using the UWC-SBF experience. NMMU compared the NQF Level 5 Certificate in Wealth Management against its own financial planning qualifications and found that it was not possible to equate it with the 1st year of its B. Commerce Degree in Financial Planning. As part of continuity, NMMU then proposed the development of a Diploma in Financial Planning at NQF Level 6 that provides an articulation route for TVET College graduates of the NQF level 5 Certificate in Wealth Management.

Important improvements have also been noted on other interventions like RPL, especially as it relates to the transformation agenda. The NSDS III acknowledges that South Africa is challenged by low productivity in the workplace, as well as slow transformation of the labour market and a lack of mobility of the workforce, largely as a result of inadequate training for those already in the labour market. The TETA Artisan RPL programme that was implemented between April 2014 and May 2016 and termed Artisan Training Section 28, intended training 270 learners but ended up certificating 262 apprentices as Red Seals (Artisan Trade Test Certificates), only registering a 3% drop out rate which is a major success story considering the huge numbers that were enrolled on the RPL programme.

The purpose for this initiative was to provide an opportunity for experienced employees in the technical sector to be up-skilled and qualify as artisans. This would in turn address the

imbalances of the past by recognising learning employees had obtained through practical working for a long number of years. Learners participated in various trades wherein its main objective was to increase the number of people to qualify as Artisans from the current workforce to support “NSDS III Output 4.5.1.2: Sector projects are put in place to address specific sector skills gaps”. This qualification has reportedly made apprentices believe in themselves as some had changed departments or companies for better salaries. Some had achieved a qualification for the first time in their lives thereby validating their self-worth. These initiatives have thus shown that some strides in bringing about education and training reform in South Africa have been achieved within the NSDS III implementation period although a lot could still be done moving forward.

SECTION 6: OUTCOMES AND IMPACT

WHAT THIS SECTION COVERS

This section of the evaluation looks at impact as a result of implementation discussed in Section 5. Impact is not definitively established or proven but rather signs of impact are explored using data from a variety of sources. Firstly, because of the centrality of the economy to the vision of NSDS III, this section discusses what has been occurring in the broader economy, specifically in relation to the labour market performance, poverty and inequality as well as economic growth. Next, impact in relation to the public service is discussed which is informed by implementation data, some case study research and interviews with DPSA officials and public service SETA managers. Thirdly, impact on firms is discussed with findings mostly based on an analysis of performance data, an Employer Survey as well as a number of case studies. Fourthly, impact on individuals is discussed. These findings are based on tracer studies conducted for NSA and SETA beneficiaries as well as a meta review based on past SETA tracers. Lastly, impact on transformational imperatives are discussed. This starts with a discussion on equity broadly, and then discusses specific categories relating to race, class, gender, geography, age and disability.

6.1 Introduction

It is important to determine if the goals set out in NSDS III had the intended impact on the economy, the public service, on firms and on individuals. Impact is not definitively established or proven but rather signs of impact are explored using data from a variety of sources. What follows is a discussion on the changes in the broader economy.

6.2 Understanding the changes in the broader economy

6.2.1 Labour market performance

In Figure 5.14 the unemployment rate of the country is presented. Between 2011Q2 and 2018Q2, the unemployment rate increased from 25.6% in 2011Q2 to 27.2% in 2018Q2. It should be noted that this is the narrow unemployment rate, excluding the discouraged work-seekers which have also been increasing overtime. According to Stats SA (2018b), the labour absorption rate has increased slightly but remains at around 43%. So too has the labour force participation rate which increased from 55.9% in 2011Q2 to 59.1% in 2018Q2. The increase in the labour force participation rate indicates that more people are entering the labour market however, the fact that the unemployment rate is increasing implies that there is not enough jobs or the jobs that are available require skills that people in the labour market do not have.

Figure 6-1: Unemployment rate, 2011Q1 – 2018Q2

Source: Statistics South Africa Quarterly Labour Force Survey (QLFS), 2018 Quarter 2

6.2.2 Poverty and inequality

According to Stats SA, in the Poverty trends in South Africa report, poverty in South Africa increased between 2011 and 2015 from 53.2% to 55.5%. This translates to over 30.4 million South Africans living in poverty in 2015 (Stats SA, 2017). It is commonly found that there is a negative relationship between poverty and education levels. The poverty headcount of people with a matric or higher is much less than for those with no schooling or some primary schooling. In 2015, 8.4% of people with Higher than matric schooling was poor whereas 79.2% of people with no schooling was poor. A surprising finding is that the poverty headcount of people with no schooling dropped from 86.4% in 2006 to 79.2% in 2015. Perhaps Government assistance in the form of social grants has been providing some relief.

A report conducted by the World Bank (2018), Overcoming Poverty and Inequality in South Africa, stated that South Africa's Gini Coefficient was at 0.63 in 2015, this is a decline from the 0.65 recorded by Statistics South Africa in 2014. Nevertheless, the country is still much closer to 1 than it is to 0. The World Bank report even goes as far as describing South Africa as the most unequal society in the world.

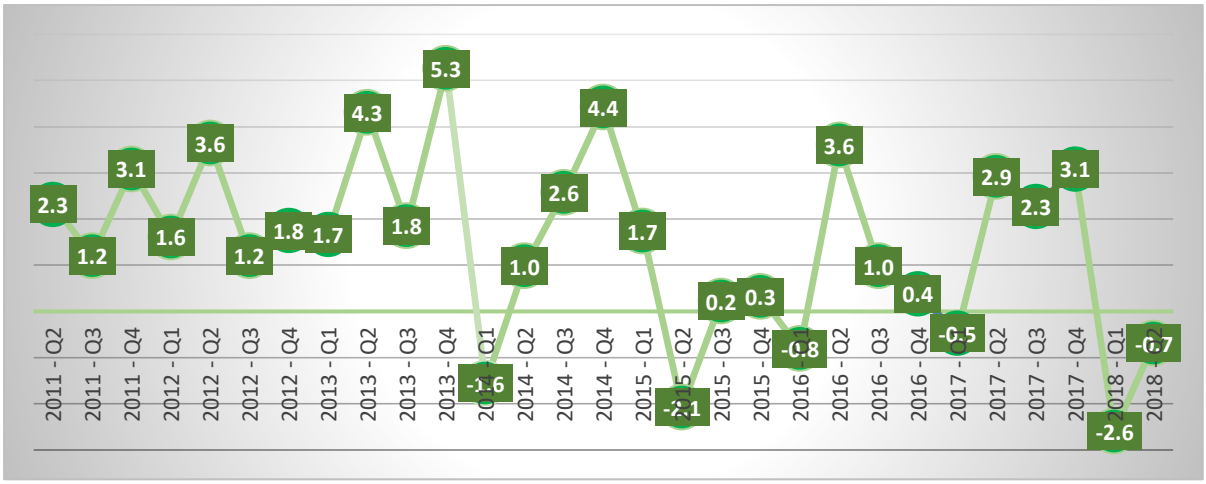
6.2.3 Economic growth

Given the state of the economy from 2011-2016 (as shown in the Figure below), it would be unrealistic to expect economic growth to result from skills development. There are different views as to whether skills development in itself can contribute to growth or whether the economy has to expand for the benefits of skills development to be realised. Realistically, it is difficult to see how skills development can impact on the economy without being part of a wider growth strategy. In fact, NSDS III made clear its intention of aligning skills development to wider national policies and plans. It explicitly set out to forge partnerships and alignments that would enable skills to be part of a wider national economic agenda. This purpose has been partially achieved in relation to the formal economy and established businesses. There has in addition been some restoration of the role of state-owned enterprises in training for the wider economy. However, it is also the case that any success of NSDS impacting on the economy is likely to have been negatively affected by the poor rollout of many well-crafted industrial policies which

are not implemented. Aligning two complex strategies (Industrial strategy and skills strategy) including implementing in an effective manner that achieves real change, is not easy. Very often assumptions are made about the commitment of key stakeholders - located in SETAs, TVET colleges, employer associations and industry bodies, in IDZs etc - that are incorrect. Instead of people working together the reality can be that of people deliberately avoiding each other. In such situations any impact achieved is almost in spite of the skills strategy, not the result of it.

The Figure below does not display a positive picture. Gross Domestics Product (GDP) growth in the economy declined for two consecutive quarters in 2018, ultimately moving the economy into a technical recession (Stats SA, 2018a). The International Monetary Fund however, in their World Economic Outlook publication (July 2018), forecasts a positive growth rate for South Africa in 2018 at 1.5%, thereafter further increasing to 1.7% in 2019. They maintain that the weak performance in 2018Q1 was due to temporary factors and the economy is thus expected to recover on the back of increased confidence associated with the new political leadership in the country.

Figure 6-2: South Africa's GDP growth, 2011 Q2 – 2018 Q2



Source: Statistics South Africa Gross Domestic Product, 2018 Quarter 2

It is evident in the discussion above that in terms of the labour market performance, poverty and inequality trends as well as with economic growth, the economy performed dismally overtime. Whether the skills development agenda made this deterioration less than it would otherwise have been is yet to be determined. It was agreed during a national stakeholder workshop in August 2017 that rather than trying to evaluate impact, the study should focus on what has worked and not worked and examine areas of emerging impact – signs that the strategy is starting to achieve intended results.

What follows is a discussion on the impact in relation to the public service. The aim is to determine whether the impact of NSDS III resulted in, or contributed to, a capable and developmental state.

6.3 Impact in relation to the public service

As described, there were major changes brought about during the period under review. Funding from the ring-fenced 1% was released for use by SETAs, there was a concerted effort to start using the public service for training of new entrants, and some imaginative programmes such as the graduate internship were put in place. However, some of the changes are very recent and not fully integrated into the work of government.

The public service has contributed to achieving some of the NSDS III outputs that are not specific to the public service. For example, there is an NSDS output that seeks to expand workplace learning, and another to assist graduates with work experience. The public service has made great progress in relation to these. However, there have been problems with interns being employed at the end of the internship related to HR policies not enabling this, and so it is not clear whether the internship programme is contributing to capacity building as envisaged in NSDS III.

It was noted by one public service manager that when there is a desire to retain an intern on completion of the programme, mechanisms are found to extend the internship or create a temporary post, as the processes for filling a funded post are such that an intern would not realistically be able to fill the post. For example, one intern completed her one-year internship, was encouraged to apply for a job, only to find that one of the requirements was three years of work experience. HR policies make it very difficult for well-intended programmes to have the desired impact. There are many examples of where skills development interventions appear to be in conflict with other policies and procedures.

A number of SETAs working in the public service sector have conducted impact studies and tracer studies, including ETDP SETA and H&W SETA, and the findings are generally positive in relation to impact on the individuals and the workplace. The longer-term goal was the building of a capable and developmental state. Given that the period 2011-2016 was one of many changes, it is too early to discuss the extent to which this ambitious goal has been achieved. However, some important building blocks have been put in place that should enable the SETAs engaged in the public service to engage in effective skills development. However, at this stage it is probably too early to measure the impact of NSDS and interventions promoted by public service SETAs. Research will be needed into the programmes delivered in the period since 2014 to establish impact.

After discussing the economy and the public service broadly, the sections that follow narrows down the focus on firms and then on individuals.

6.4 Impact on firms

In NSDS III, significant emphasis was put on implementing skills development programmes in partnership with various stakeholders, including employers. Also, emphasis was put on supporting skills development and training within SMMEs and cooperatives. This was expected to have positive effects on firms in relation to improving the skills level of the workforce, increasing productivity as well as an improvement in equity targets.

In this section of the evaluation, impact on firms is determined in relation to productivity. The aim is to determine whether education and training as well as skills development projects improved productivity over time.

This section of the evaluation is based on data collected from an employer survey, interviews with employers, organised labour and DHET as well as from case studies.

6.4.1 Productivity

An increase in productivity in the workplace is one of the main short-term or long-term goals of most education and training as well as skills development programmes. An Employer Survey conducted by MAS captured responses from close to 2 000 employers of which 50.2% are from Micro and Small enterprises, 25% are from Medium businesses and 24.8% are from Large businesses. A majority of these employers have implemented or accessed SETA learning programmes (62.6%) (Internships, Learnerships, Skills programmes or apprenticeships) since 2011, of which Learnership programmes were most predominant at 62.3%, followed by Skills programmes (45.8%), Internships (32.2%) and Apprenticeships (28.8%). When delivering training, employers choose to do in-house training against company requirements (72.8%) as well as use Private education and training providers (64.6%). When asked about completion rates, the 80%-100% category was mostly selected across all of the programmes indicating that employers are of the view that these programmes achieve a high completion rate, with reasons for non-completion mostly personal in nature.

In terms of employment, the proportion of learners not previously employed full-time by the organisation being absorbed into full-time employment after completion was high in the case of Apprenticeships, Learnerships and Internships with moderate achievements for Skills programmes. This implies that people are being absorbed into the labour market, and yet when looking at the Quarterly Labour Force Survey (QLFS) figures the unemployment rate increased overtime (shown above). Is it that when people are being absorbed, others are being dismissed? Or is it that the labour force is increasing at such a rapid rate that the labour market cannot absorb all of the new entrants in its entirety thereby increasing the unemployment rate? Further research would be needed to answer such questions.

When asked about whether training has contributed to an increase in employee productivity, 80.9% of employers stated that it did. An increase in employee productivity almost certainly extends to an increase in business productivity and profit margins, specifically when a high proportion of employers stated that there is a decrease in errors in the workplace (73.3%) as well as an improvement in the quality of product or service delivered (79.3%).

In interviews conducted with organised labour, respondents agreed with the views of employers in that training has contributed to all of the aspects stated above. Training has also increased the work readiness of young people entering the workplace at 74.8%. However, when asked about the supply of needed skills in the sector, 50.2% of employers stated that it is below expectations, with 42.1% indicating that it met expectations. This implies that there is a gap between the skills being supplied and that which is being demanded with an extended assumption that should the supply of needed skills increase, employment will increase with positive effects on production, all other things remaining constant. Perhaps the skills mismatch in the labour market is the reason why the main motivation for training in an organisation is to

upskill employees in their existing occupations (51.1%), with only 17.9% stating that they train to provide young people with work experience through apprenticeships, learnerships and/or internships. This points to the importance of ensuring that the training programmes funded by the skills levy are designed to meet genuine demand and address the specific skills needs of employers.

Businesses of various sizes implement education and training as well as skills development programmes in-house or through various education and training institutions. This contributes to both employment as well as to the growth and productivity of the business itself. Case studies were conducted whereby a closer and more detailed programme description was provided together with successes and challenges. Examples of case studies include the Meadow Feeds Artisan Programme (Fredericks, 2018a), Fasset - Changing the lives of TVET Graduates one placement at a time (Ramela & Kufa, 2018), and the case study on the Jewellery manufacturing industry (Robertson, 2018). These specific cases show that there are areas in which education and training as well as skills development programmes are implemented in a way that yields positive results. All of the artisans in Meadow Feeds for example obtained employment after completion, either with the company itself or with other established companies. Although Meadow Feeds is an agricultural business, located with AgriSETA - and its core business is animal feeds, not mechanical engineering - the company is using merSETA quality assured apprenticeships to train and sustain their own in-house maintenance team. The apprenticeship is an investment that has as its return a highly efficient maintenance and repair function that contributes to the success of the company. Another example was Busmark (described in the Artisan case study (Engelbrecht, 2018a) where 23 of the 24 apprentices were employed by the company after completing. The apprenticeship was a key enabler of the business.

Business Profitability

The examples above are snippets of areas of good practice. However, on a broad scale, with regards to business profitability, Stats SA conducted a study in 2016 capturing a ten-year snapshot of business profitability in South Africa. When looking at the profit margin ratio, which is calculated by dividing the profit or loss before tax by sales or by turnover, it was found that the average profit margin for the South African formal business sector declined, from 0.09 between June 2006 and September 2008 to 0.05 between December 2013 and March 2016. This shows that each unit of turnover generated less profit in the latter period (Stats SA, 2016). It should be noted that this only represents the formal sector, with the informal economy largely uncaptured. In relation to business confidence, the RMB/BER business confidence index has mostly remained between 30 and 55 between 2011 and 2018, with 0 recording a complete lack of confidence, 50 neutrality and 100 extreme confidence. Over the period, there has been a general decline in business confidence from 55 in 2011Q2 to 39 in 2018Q2 and further to 38 in 2018Q3 (Trading Economics, 2018).

Somehow the positive attitudes of employers participating in SETA and NSF funded programmes is not finding expression in overall business confidence. A survey conducted in the printing industry in 2015 might throw some light on this anomaly. It was found in printing that there was a much greater level of confidence in the company and its future than there was in the sector as a whole, and when it came to confidence in the economy confidence levels,

they were very low indeed. It would appear that skills development is contributing to confidence at the level of the firm which may not be filtering through to overall confidence.

The role of State-Owned Entities (SOEs)

In terms of the aspirations of NSDS III, it can be said that SOEs were identified to contribute to the production of qualified artisans for the economy in line with the key national policies and strategies of government such as the NDP, New Growth Path, Skills Accord, IPAP, Human Resource Development Strategy of South Africa and the White Paper on PSET. According to the HSRC commissioned research (2011), it was stated that "skills development, as part of the shareholder compact contributes to the country's socio-economic drive".

The New Growth Path (2010), which was aimed at enhancing growth, employment creation and equity, identified strategies that will enable South Africa to grow in a more equitable and inclusive manner while attaining South Africa's developmental agenda. Key targets included the aim to produce 30 000 Engineers by 2014, with a focus on Mathematics and Science, as well as changes to university funding formulae to achieve this, and 50 000 artisans by 2020. In setting these targets government acknowledged that no single department would be able to achieve them alone. All departments and entities needed to play a role and a key challenge was to restore the traditional role of SOEs in job creation, skills development and training, and driving growth strategies.

The role of SOEs in developing skills for the economy does not only accommodate engineering and technical skills but also extends to other skills including but not limited to finance, human resources, leadership and project management.

Based on the objects of NSDS III, a case study was conducted on Eskom. The findings concurred with other research studies (such as HSRC) by stating that skills development is vital for the future sustainability of SOEs, specifically for purposes of the skills pipeline, meeting new skills requirements and the replacement of lost skills through natural attrition. But it also highlights the important role identified for the SOEs in training more people than they need – in other words training for the wider economy. Stakeholders in SOEs thus have a key role to play in ensuring that the entities vast range of skills are developed and nurtured to meet the skills demands and market needs which extends beyond the SOEs primary sectors and also benefits other secondary sectors (Zikhali, 2018).

The contribution of SOEs in skills development could be captured through learner intakes and skills pipelines, who on completion of training can be absorbed into employment or offloaded to other sectors. This would have a positive contribution to economic development as there will be new jobs created and also there will be new skills sets brought into the market to fill skills gaps caused by lost jobs or new skills requirements. However, in the Eskom case study it was noted that there was a decline in learner intake (both technical and non-technical), between 2011 and 2016, which was attributed to financial constraints (low cashflow and liquidity) as a result of the economic downturn and increased reliance on loans. This has negatively impacted the absorption of learners once they have completed training, which would ordinarily be absorbed into the organisation as graduates in training or entry level employees. A comment made in the case study was that as a result of financial constraints, "there is more focus by SOEs on internal training than to train for the country" (Zikhali, 2018).

Small, Medium and Micro Enterprises (SMMEs)

An analysis completed by the Bureau for Economic Research for the Small Enterprise Development Agency in 2018, found that the SMME distribution is 27% formal, 70% informal, 2.7% agricultural and 0.3% households in 2018Q1. They found that between 2017Q1 and 2018Q1, the number of SMMEs declined from 2.48 million to 2.44 million (1.4% year-on-year). Of which the number of formal sector SMMEs declined by 9.2% year-on-year, while informal sector SMMEs increased by 3.4%. This finding highlights the importance of the informal sector in SMME development and the need to increase investment in skills development in the informal sector.

It was also found that the sectors that gained in numbers of SMMEs were the community services sector, financial services, and the transport and communication sectors. The remaining sectors lost SMMEs of which the biggest loss was in the construction sector at 9.4%.

In terms of employment, in 2018Q1, 8.9 million workers/owners were active in the sector (54% of total employment). However, SMME employment declined from 10.6 million workers/owners in 2017Q1 (65% of all employment in South Africa). Reasons for the decline in employment could be the drought in the Western Cape but more importantly it was found that it is new ventures in particular that are failing (between 2-3 years), which is a symptom of the poor economic conditions. New ventures failing could be the reason why the attrition of younger age groups (25-34) intensified, as close to 60% of current SMME owners are older than 40.

When looking at educational levels, it was found that in 2018Q1 the share of SMME owners with less than secondary completed education increased from 51% to 52% whereas the share of those with secondary completed and higher declined from 49% to 48%. Clearly, increasing the pool of skilled people will contribute towards an increase in SMMEs and a resultant increase in employment in the SMME sector. Maybe a focus on increasing the skill level of people for new venture creation would contribute to sustainability of these ventures, as the conclusions reached in the study was that it is evident that new ventures require development assistance. This is also an indication that the new venture creation programmes currently in existence is not delivering the required results.

It is easy to understand how so many small companies and enterprises feel that their needs are not being addressed. Interviews with employers, government officials and employer associations paint a picture of a system that is bi-passing small business. Small businesses need training and industry and professional bodies actively encourage small businesses to participate, but the effort and time it takes for a small business to engage with a SETA militates against their involvement. The statistics also show that the larger the company is, the more likely it is that the company will participate and claim grants. The smaller the company the less likely the company will participate and claim grants. The fact that the R500 000 salary bill threshold for paying the levy has not been raised since it was introduced in 1999 (SDLA 1999), means that the number of small businesses paying the levy has increased. The view expressed by the industry interviewee that small businesses are subsidising large businesses is borne out in the analysis of spending during the period 2011-2016. Even the NSF spending (where it went to companies - as opposed to the sums that went to TVET colleges, universities or NSFAS) has been largely targeted at established businesses, including SOEs. This is mainly because of the focus on numbers. It is much easier to work with large established companies

to achieve big numbers than the painstaking work needed when working with small companies to accommodate small numbers of learners, interns or apprentices. If you can work with a Mercedes, a FNB, a MONDI or a KPMG to develop a programme that contribute thousands towards your target why bother with a small company that can accommodate one or two at most? But the benefits of training small numbers of people could be great for an SME. Internships could result in companies expanding employment. The net result of this systemic failure is that most small businesses write the skills levy off as a tax, and so it becomes an additional cost to the company rather than a benefit. It can therefore be argued that in the context of small businesses the impact of skills development is negative. It should also be noted that a key principle behind the levy grant system was that all employers should either train (and be funded from the levy for that) or benefit indirectly - by paying the levy and recruiting from the pool of trained people funded from the levy. Nevertheless, the concern is that more SMEs could be involved in training is the skills system was more supportive and enabling. More impact could be achieved if SMEs were treated as sites of training, where skills development is viewed as a central enabler of business development.

In relation to the informal sector the evaluation has found no evidence of interventions designed to support skills development in the informal sector and so there is consequently no reason to explore impact. However, it is important to set out the macro picture so that in future iterations of the strategy impact can be explored. According to Stats SA (2018), when disaggregating the number of employed, the formal sector accounts for around 69% whereas the informal sector accounts for approximately 25% of the number of employed. This has remained consistent overtime with the share of the informal sector increasing slightly from 24% in 2011Q2 to 25% in 2018Q2. This points to the need to identify those that are employed, clarify the functions they perform in each sector and the types of skills development they need and then measure performance in relation to implemented programmes.

6.5 Impact on Individuals

The evaluation of impact on individuals is informed mostly by tracer studies conducted with NSF beneficiaries as well as SETA beneficiaries. Further evidence include impact studies and a meta review which was based on existing SETA tracers. Firstly, an analysis is provided for NSF beneficiaries. This is followed by looking at SETA beneficiaries and then the meta review. The section concludes with a comparative analysis and an analysis of the factors that influence impact of programmes.

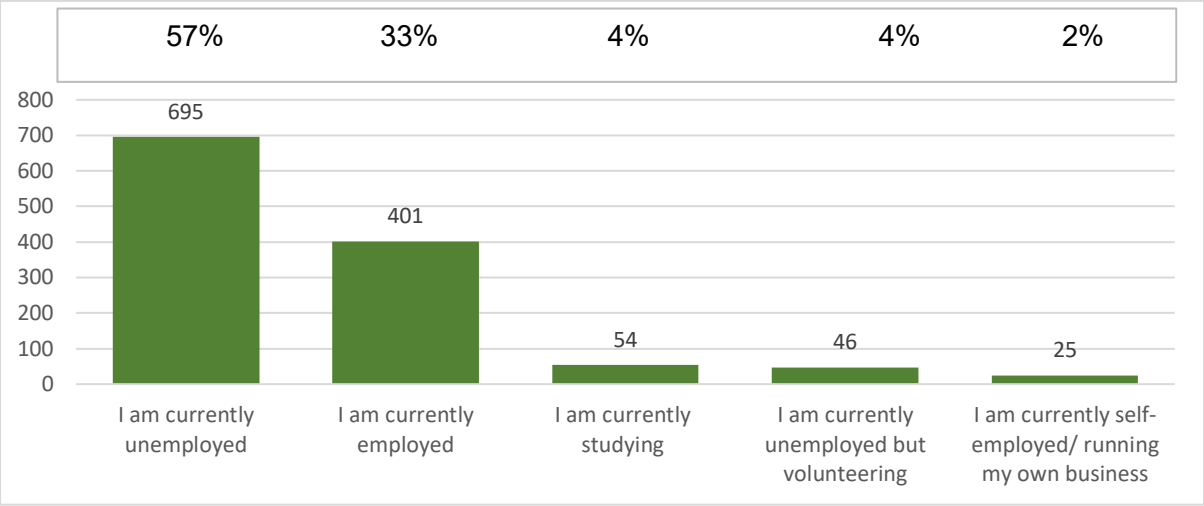
6.5.1 Outcomes reported by the beneficiaries of NSF Funding

The number of respondents that completed the NSF survey were 1 483 individuals[10]. The Figure below shows the number of respondents who were, at the time of the survey, employed, self-employed, volunteering or studying, or unemployed. The percentage of the enrolment that represented unemployed or studying young people before their training was 80% and this declined by 19% after the training (57% plus 4% in Figure below), i.e. within 5 years of the end of the programme. A significant finding is that the percentage of respondents who were

[10] Note that some respondents would not have indicated their employment status AFTER training and some would not have indicated their employment status PRE – these are not always the same people. For all those who indicated employment status PRE-training, 20% were employed so Figure 6-3 takes all those who indicate employment status POST training: this highlights that 33%+2% were employed.

employed or self-employed increased from 20% before to 35% (33% plus 2% in Figure below) after the training.

Figure 6-3: Current employment status - all respondents. Actual numbers and percentage of the total sample is shown.



A useful lens to view the effect of the programme on the participants is to track their employment status (employed, self-employed, studying, unemployed) both before and after their training. In a host of ways, this cannot be deemed a full reflection of the impact of a training, since the benefits of training should also be measured in other ways, for example improved competence and / or productivity. Also, the factors that determine employment are both multitudinous and complex.

Notwithstanding, there were 200 participants in training programmes who were employed prior to their training. All of these remained employed after their training. In addition, 195 people of those who completed the training gained employment. This represents an increase in the proportion of employed people from 19% to 37%[11].

When looking at the areas of employment for the 395 respondents who were employed after the programme, 189 were employed in the formal job market. These all retained their jobs, with some 206 respondents moving from being self-employed, from study or from unemployed into employment or self-employment. The proportion of employed people increased in all fields of study after training, of which the biggest increase was in the construction, where, despite a relatively small enrolment, 24% (15) of the respondents obtained jobs where they had previously been unemployed. The manufacturing field was the largest of the fields of learning, and 79 respondents who were previously unemployed (22%) obtained new jobs, with an overall increase in employment from 11% to 33%. This suggests a better match between the skills sets developed in the programmes and the requirements of the job market.

[11] It is noted that the difference in % points may cause some confusion: this set of figures and stats is based on taking only the set of people who indicated their employment status BOTH BEFORE AND AFTER, from this data set, 200 people were employed before and after and 195 were unemployed before and employed after (plus another 25 who did not complete the training, who also indicated employment status before and after). This therefore does not add up to the 426 in Fig 6-3 because not all respondents gave full sets of answers.

Interestingly, the information above includes only those who completed the programme. Some 14% (25 people) of those who dropped out of the programme also gained jobs where they had previously been unemployed: indeed, in some cases respondents gave their reason for dropping out as that they had been offered a job. This suggests enrolment in a programme may in some instances lead to better access to job opportunities. Taken together, therefore 220 respondents were newly employed after the training programmes.

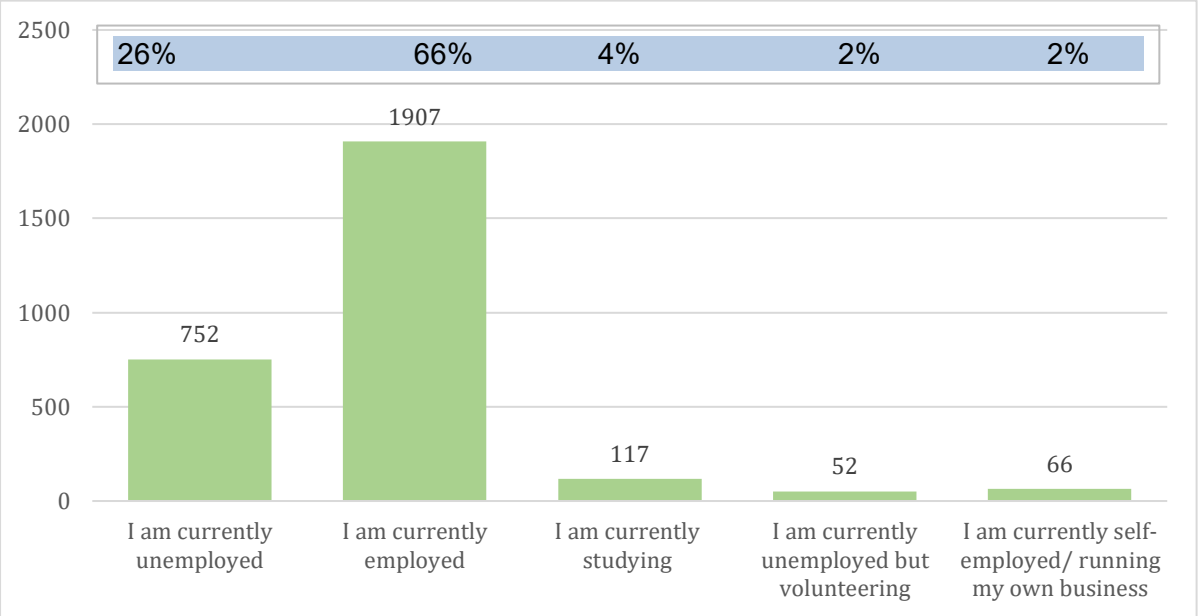
In relation to the service providers of those respondents who obtained employment, it was found that the vast majority of those who obtained new jobs were recipients of public provider training, in the ratio of 9 public: 1 private new job. Given that service providers of training courses were overwhelmingly (85%) from public providers, this finding is unsurprising. When weighted to account for disproportionate numbers of courses, the ratio was approximately 1.5 public course graduate obtaining a job to every 1 private course graduate.

6.5.2 Outcomes reported by the beneficiaries of SETA funded programmes (results of the tracer study)

The number of learners interviewed for the SETA funded tracer study was 3 685 individuals. The Figure below shows that for SETA funded programmes, 68% of graduates were employed after completing the programme. This is compared to 48% that was employed when enrolling. Thus, the percentage of respondents who were employed or self-employed increased from 48% before to 68% after the training.

Interestingly, of the 66 self-employed respondents, 47 represent new business start-ups, i.e. people who did not have businesses prior to their training.

Figure 6-4: Current Status - All respondents. The percentage of the sample in each category as well as the absolute numbers are shown.



For SETA funded programmes, the analysis is based on using a reduced sample of 2721 of the 3 685 respondents for whom corresponding pre- and post-training employment data were

accurately captured. It was found that of the 1 062 respondents were employed both before and after the SETA funded programmes, 1 049 were employed in the formal job market (Ref table), 11 moved from being self-employed to employment in the formal sector and 2 were self-employed before and after the training. In addition, 749 respondents shifted from being unemployed or studying into employment or self-employment. These represent 749 new jobs that were found by participants in the SETA-supported training courses. To complete this picture, 64 respondents who did not indicate whether or not they were employed prior to the training, were employed after it. Thus, the number of "new jobs" could be as high as 813 jobs (assuming these people were not employed before the training, which is a reasonable assumption, given the other data fields that were captured).

The proportion of employed people increased in all fields of study after training of which the biggest increase was in the Construction field. This field was not represented by many respondents (179 out of 2 721), but employment rose from 20% to 55%. Thus 35% (63) of the respondents obtained jobs where they had previously been unemployed. Other fields with large (>30%) increases in proportion of people who found jobs from before to after the training programmes were Manufacturing, Engineering & Technology (including the mining sector) and Business, Commerce & Administration. These two were the field with the most respondents. The fact that they were associated with a good improvement in employment after the training suggests that these training programmes do provide an improved skill set for learners meeting the requirements of the job market.

Interestingly, the information above includes only those who completed the programme. Some 7% (12 people) of those who dropped out of the programme also gained jobs. Taken together, therefore the number of respondents who were newly employed after the training programmes is between 761 and 825[12], depending on whether the set of respondents with unknown employment status before the training are included or not.

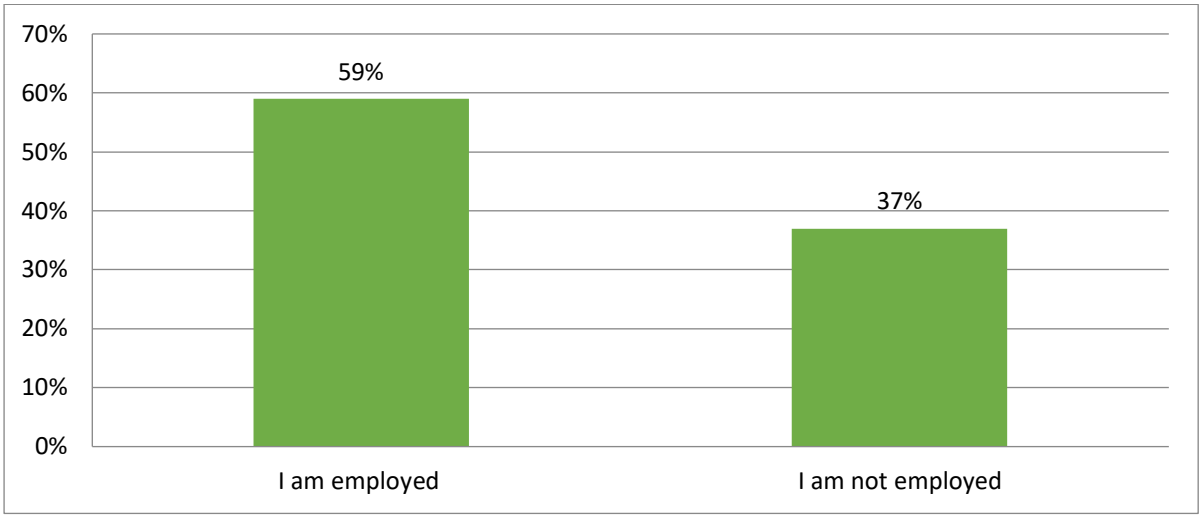
In terms of the service provider providing training, given that service providers of training courses were overwhelmingly (87%) from private providers, it is unsurprising that the vast majority of those who obtained new jobs were recipients of private provider training, in the ratio of 7.5 private: 1 public new job. When weighted to account for disproportionate numbers of courses, the ratio was approximately 1.2 private course graduate obtaining a job to every 1 public course graduate. Interestingly, this ratio is consistent with this evaluation's finding that respondents were in most respects equally happy with the quality of private and public entity training programmes.

6.5.3 Outcomes reported by the beneficiaries of SETA funded programmes (Meta Review)

The graph below provides the average percentage of graduates that were employed and unemployed in 8 SETAs at the time that the respective tracer studies took place. It is important to note though that not all the studies provided employment levels at the beginning of the programme. This made it more difficult to make conclusive statements about the levels of change and this is discussed in more detail in this section.

[12] Depending on whether you assume most of those "unknown pre-training were unemployed or not.

Figure 6-5: Percentage of graduates who were employed or unemployed after programme completion



This graph is based on the data in the following studies: FASSET 2010-2015 Work Readiness Programmes (WRPs), HWSETA 2013/2014, Internships and Learnership, HWSETA 2014/15 Bursaries, internships and learnership, HWSETA 2012 Summative Evaluation of the Ancillary Health Care Qualification and its Associated Skills Programmes, INSETA 2010-2016 Learnerships, LG SETA 2011/12 and 2013/14 Internship and Learnerships, merSETA 2011/12 and 2013/14 Learnership, Internships and Apprenticeships, MICT SETA 2011/2012 - 2015/2016 Learnerships, Internships and skills programmes, SACCI 2011/2012 -2016, SSETA 2011-2014 Learnerships and Internships, TETA 2010-2014 All Programmes, NSF 2013 Nated Qualifications.

The above graph shows that at the point at which the evaluation studies were undertaken almost 59% of the graduates of skills programmes were employed while 37% were unemployed across the programmes. Where comparative data was available, a number of Institutions demonstrated positive employment outcomes after programme completion.

Table 6-1: Employment outcomes

Institution	Programme Evaluation Period	Programmes Evaluated	% of unemployed at the start of the programme	% employed after the programme
CATHSETA	2011-2015	National Certificate in Fitness (NQF Level 5) and the Further Education and Training Certificate in Sport Administration (NQF Level 4)	59%	70%
CATHSETA	2011-2013	National Certificate in Dealing (NQF Level 3) and the National Certificate in Gaming Operations (NQF Level 3)	38%	87%
FASSET	2010-2015	Work Readiness Programmes (WRPs)	73%	69%
HWSETA	2014/15 cohort of learners	Bursaries, internships and learnership	100%	52%

HWSETA	NSDS III period (2011 – 2016)	All programmes	100%	63%
HWSETA	2012	Summative Evaluation of the Ancillary Health Care Qualification and its Associated Skills Programmes	73%	32.20%
INSETA	2010-2016	Learnerships	64%	81%
MICT SETA	2011/2012 - 2015/2016	Learnerships, Internships and skills programmes	82%	54%
TETA	2010-2014	Apprenticeships, Internships, Learnerships and Bursary	46%	72%

A closer look at the studies where cohorts had been out of the programme for a year or more found that graduates were often absorbed into their host organisation. This was the case in HWSETA 2014/15 Internships and Learnerships, and merSETA 2011/2012 - 2013/2014 Apprenticeship programmes, which indicated that 61% and 48% of their graduates, respectively, currently work for their host organisation. In addition to this, 3 studies (HWSETA 2014/15 Internships and Learnerships, ETDP NSDS III period (2011 – 2016) and FASSET 2010-2012 Work Readiness Programmes) listed that more than 65% of the employed graduates from the survey were absorbed and working in the sector.

What is evident from the tracer studies is that some SETAs demonstrate a high degree of access to employment and career prospects. For example, 65% of learners in the CATHSETA programmes were employed, in either temporary or permanent positions after completing their learnership. The INSETA tracer study reported a high employment conversion rate of 85%; most of whom (69%) are working in the insurance or related sectors.

For the FP&M SETA, unemployment dropped from 72% to 44% amongst those who were unemployed upon entering the learnership programme. Employment data for apprenticeships are even more impressive with 71% of the unemployed, who graduated from apprenticeship programmes, having found employment at the time of the survey.

Of concern though are the programmes experiencing poor employment conversion after programme completion. For example, the MICT SETA Tracer report evaluated programmes over a four-year period and of the completed and certified enrolments, 54% of respondents indicated employment and 46% stated that they were unemployed. Within this it is noted that 18% were already employed at the outset of the programme. This programme had high volumes, the majority of whom were unemployed at the programme outset, which indicates a real commitment of the SETA to integrate new entrants. However, the high number of 11 587[13] candidates that have undergone programmes but are unemployed is a cause for concern. The main reasons provided by candidates for their failure to find employment include: insufficient relevant work experience (30%); low demand for this type of qualification (13%); qualification or training not recognised by industry (8%); and the difficulty encountered in searching for related work without an income (30%). The Information and Communication Technology (ICT) is a growth sector in South Africa and it is concerning that there is not a greater degree of

[13] The total number of unemployed candidates was estimated through statistical inference from the sample.

conversion of students into permanent employment after programme completion. Employers in the MICT SETA (programmes implemented 2011/2012 -2016/16) explained that the reason they had not been able to absorb graduates emerging from the learning programmes was that they had qualified in occupations that were not in demand within their companies. The employer survey also highlighted budget constraints (31%) and no vacancies (45%) as primary reasons for a lack of absorption.

The 2013/14 HWSETA Tracer Study Report indicated that only 19% of learnership candidates were employed after their programmes. Unfortunately, there are no insights provided for this low conversion in the Tracer study, indicating a real need to undertake a root cause analysis in such studies. For interest though is that there was a significant improvement in the 2014/2015 HWSETA Tracer Study employment status findings, with 52% of learners reporting that they had found employment. There are though again no reasons provided in the latter study for this improvement. Future Tracer studies would benefit from an assessment of the factors that impact on employment outcomes and would also benefit from a more granular focus to assess successful outcomes.

6.5.4 Comparative analysis

- A significant difference between the SETA (tracer study) and NSF studies is the proportion of learners who were already employed when electing to have training (48% of SETA learners, as opposed to 20% of those NSF-supported learners). Since the NSF funded programmes are primarily targeted at unemployed and disadvantaged people. It is not surprising that more SETA funded beneficiaries were employed prior to enrolling.
- In the case of the NSF funded beneficiaries, the percentage of respondents who were employed or self-employed increased from 20% before to 35% after the training.
- And in the case of the SETA funded beneficiaries (tracer study), the percentage of respondents who were employed or self-employed increased from 48% before to 68% after the training, which is a similar finding to the NSF study, albeit from a lower employment base in that group of respondents.
- For the SETA funded beneficiaries in the Meta review, the percentage of employed respondents after completing the programme was 59%, lower than in the case of the SETA funded beneficiaries in the tracer study.
- The SETA programmes do appear to be more effective in securing employment after completion.
- The proportion of the employed people increased in all fields of study for both the NSF and SETA funded programmes (tracer study) and the biggest increase was in the Construction field for both studies.
- In terms of service providers, for NSF funded beneficiaries had a weighted ratio of 1.5 public course graduate obtaining a job to every 1 private course graduate, whereas for SETA funded beneficiaries, the weighted ratio is approximately 1.2 private course graduate obtaining a job to every 1 public course graduate. This ratio is closer to a 1:1 ratio than the NSF data, and is consistent with this evaluation's finding that respondents were in most respects equally happy with the quality of private and public entity training programmes.

It should be noted that although employment increased for these beneficiaries, it is still at a low of 35% for NSF funded beneficiaries, 68% for SETA funded beneficiaries (tracer study) and 59% in the case of the Meta review analysis.

6.5.5 Factors that influence impact

A number of factors have been highlighted in the employer survey and tracer study for this evaluation as well as the meta-analysis of evaluations conduced in SETAs, that influence whether a programme will have impact. These include:

- **Ownership**. Whether the programme was registered with, and funded by, the SETA – employers may have more confidence in an artisan programme funded and delivered in their sector than in an identical programme delivered in a sector that is viewed as not having the trade concerned as one of its core trades or occupations;
- **Qualification type**. The type of qualification and the sector for which the programme prepares the learner. For example, the merSETA (2011/12 and 2013/14) analysis highlights the relationship between relevant qualification and employment. The study, which focused on the Apprenticeship programme found that all students who graduated in automotive sales and support services were able to access employment. In addition, it also found that trades such as motor mechanics, electricians and fitters were more employable than graduates who had trained as pipe fitters where only 24% found employment and graduates who had trained as steel erectors where only 27% of graduates found employment.
- **Occupations targeted**. In another example, the studies indicate that learners with certain qualifications in the health sector are more likely to find employment when compared to learners with qualifications in the social sector. Reasons provided focused on the low number of advertised posts requiring HWSETA qualifications hypothetically indicating a supply-demand mismatch. With respect to graduates from the HWSETA 2012/13 - 2016/17 Apprenticeship programmes: the study suggested that the lack of jobs/demand for trades explains the length of time that it is taking graduates to find employment for trades such as Tool, Jig and Dye maker (typically 6 months). The extent that this is in fact the explanation may need to be probed further as other studies suggest it is the type of trades that determines whether individuals access employment (as highlighted previously in this report).
- **Genuine demand**. Graduates from certain programmes (linked to level and type of qualification) are more likely to secure employment post the programme. Many employers indicate concerns about the mismatch between supply and demand. To this end many tracer reports suggest that to increase employment rates, there is a need to engage with the sector to identify priority skills and trades. Targets should be informed by actual demand within the sector concerned.
- **Level of qualification**. The evaluation of the programmes supported by the SSETA found that the higher the level of qualifications learners attain the more quickly they access employment. The Tracer study suggested that it would be useful if the SETA undertook an advocacy campaign targeted at employers to improve the perception of lower level technical and vocational qualifications (learnerships, apprenticeships, skills programmes).
- **Location**. In some studies, an association was established between employment status of graduates and geographic location. This includes the SSETA (2011-2014 Learnerships and Internships study) where it was found that the majority of learners were able to secure

employment within 6 months of qualifying. However, the evaluation stated that this was not the reality for graduates from townships indicating that these graduates have the longest waiting times in terms of finding employment.

- **The state of the economy**. Across studies though many evaluations suggest that the challenge goes beyond addressing the skills mismatch: they observe that the challenge of on-going unemployment in South Africa and the reality that the economy is not creating a sufficient number of new jobs is the key explanation for continued unemployment.

6.6 Impact in relation to Transformational imperatives

After looking at the employment trends of a sample of NSF funded and SETA funded beneficiaries (based on tracer studies), the transformational aspects needs to be highlighted. So, employment for the sample of beneficiaries increased, as stated above, but do they reflect an improvement in transformation targets? as the intention of NSDS III was to make sure that the energy and resources of education and training stakeholders are focused on ensuring that measurable impact is achieved over the five-year period in regard to the seven (7) key developmental and transformation imperatives. The education and training stakeholders needed to first facilitate equitable access to opportunities and over and above that, the training had to result in positive change.

The transformational imperatives was informed mostly by data from the DoL and Stats SA as well as case studies, tracer studies, and the Employer Survey. This sub-section starts with an analysis of Equity broadly, using mostly the Employer Survey and case studies. Next, a discussion on the various transformation imperatives is presented, using DoL data as well as tracer study information and Stats SA data. It then concludes.

6.6.1 Equity

Considering South Africa's historical background in which a huge proportion of the population were discriminated against on the basis of race, gender as well as disability, equity in the workplace has gained significant importance after the new democratic government came into power. Specific legislations were enacted to advance previously disadvantaged people in the workplace of which the Employment Equity Act 55 of 1998 is the primary source of reference.

According to the Employer Survey, 70.8% of the surveyed employers state that there is an increase in the proportion of skilled posts being filled by black people (African, Indian and Coloured), whereas 51.7% state that there is an increase in the proportion of managerial and supervisory posts being filled by black people. These results are less positive with regards to gender, with 59.8% of employers stating that there is an increase in the proportion of skilled posts being filled by women and 46.9% stating that there is an increase in the proportion of women in managerial and supervisory posts. With regards to people with disabilities, only 23.3% of employers stated that there is an increase in the number of people with disabilities employed in the organisation. Do note that this figure is in relation to simply being employed, with the expectation that being employed in a managerial or supervisory post being much less likely. Furthermore, in the meta review on SETA tracer studies conducted it was found that with respect to people living with disabilities, most studies commented that the level of representation of learners with disabilities was not satisfactory, indicating that further efforts

need to be made to include learners with disabilities in the different skills development programmes.

Interviews with organised labour revealed a level of scepticism as to impact of skills development on employment equity. Respondents stated bluntly that training has not contributed to equity. The views expressed by trade unionists are supported by QLFS labour statistics, in which it was found that the unemployment rate for men is still lower than what it is for women, although both has increased overtime. Also, the unemployment rate for Africans is significantly higher than for Whites (discussed in detail below). Nevertheless, the employer survey is an important indicator that – particularly where the company is seriously seeking to bring about transformation and improve employment equity – skills development is contributing to employment equity.

In order to get a deeper understanding on the impact that various education and training and skills development programmes has on the transformation agenda of South Africa, numerous case studies were conducted specifically looking at the success rates of programmes that had transformational targets, some of which have been mentioned previously (Section 5). The Eskom, Siemens and HWSETA legacy skills development project (Jenkin, 2018), the Monyetla work readiness contact centre programme (Jenkin, 2018) and the Tshepo 1 million programme (Bodila, 2018) had transformational targets and contributed towards skills development as well as equity targets. The case study below looked at training of employed workers in large, medium and small companies and came up with the following conclusions in relation to equity (McLean, 2018):

Training of employed workers: Learnings from Large companies, Medium Companies and Small companies

Large companies:

- Large companies are using the skills levy system to improve their own equity profile. Preferential funding of previously disadvantaged individuals by SETAs has resulted in a significantly higher public and private sector investment in these target groups. The is however a much slower rate of absorption relative to supply.

Medium Companies:

- Tax incentives under the learnership scheme play a significant role in the decisions made by many companies. The higher incentive for disabled learners appears to be finding traction where many other policy instruments have failed. Careful monitoring of initiatives targeting learners with disability may be important to ensure adaptive management of the strategy.

Small Companies:

BBBEE compliance might not be a strong driver for smaller businesses, specifically not for the companies identified in this case study

6.6.1.1 Race

Based on the 2017/18 annual report of the Commission for Employment Equity (DoL, 2018), it is clear that when looking at the proportion of different race groups in different levels of occupations, the African share is highest in Unskilled level positions, whereas the White share is highest in Top management level positions. This is quite a grim picture but, what follows is a trend analysis to determine whether there has been some improvement overtime.

Table 6-2: Proportion of employed by race and occupational level, 2017/18

Race	Occupational level					
	Top management	Senior management	Professionally qualified	Skilled	Semi-skilled	Unskilled
African	14.3%	22.1%	42.2%	61.7%	76.8%	83.5%
Coloured	5.1%	7.7%	9.6%	11.3%	12.1%	11.1%
Indian	9.4%	10.9%	8.8%	5.6%	2.9%	0.8%
White	67.7%	56.1%	36.5%	19.6%	5.9%	1.1%
Foreign National	3.4%	3.2%	2.9%	1.7%	2.4%	3.5%

Source: Commission of employment equity, annual report, 2017/18

In terms of a trend's analysis, for Top management level positions, the African share has remained constant between 2015 and 2017 at 14.3%, whereas for Whites it declined slightly from 68.9% in 2015 to 67.7% in 2017. Of significance is that for the remaining job levels, the African share increased between 2015 and 2017, with the biggest increase being in the case of Skilled level positions at an increase of 2.9 percentage points, from 58.8% in 2015 to 61.7% in 2017. The White share declined for all of the job levels, except the Unskilled level where it remained unchanged. The biggest drop was in Skilled level position at a drop of 2.4 percentage points, from 22.0% in 2015 to 19.6% in 2017. Evidently, Africans were put into Skilled level positions and Whites were removed from them. These trends signal that there has been improvements in the case of more Africans getting higher Skilled level positions (DoL, 2018).

However, when looking at the unemployment rate by race, it is observed that not only is the unemployment rate much higher for Africans than it is for Whites, it has also been increasing overtime, from 29.7% in 2011Q2 to 30.5% in 2018Q2 (Stats SA, 2018b). This is the case even though the number of employed has increased overtime, the labour market however, could not absorb all of the new entrants into the labour market.

6.6.1.2 Class

There is irrefutable evidence that a person's income is strongly correlated with their level of education (Stats SA, 2017). Therefore, it is very important that working class people whether employed or unemployed have access to programmes that take them to higher qualification levels. People should not just be trained to do work only at their current level. Programmes should enable people to progress to higher qualification levels and increase their earning power in the labour market.

One of the challenges identified prior to NSDS III was that the focus on unemployed people, and in particularly the NEETs, has led (unintentionally) to the needs of employed workers being neglected. It was the intention of NSDS III to rectify this. This evaluation has established that there has been a reasonably good balance between programmes targeted at the unemployed and programmes targeted at employed workers. Although a lot of employed workers have engaged in skills development programmes that do not necessarily result in full qualifications but rather earn credits towards them, there has also been a very large number of employed workers that have successfully completed learnership and artisan programmes – that do lead to higher level qualifications. This would appear to support the view that there has been an improvements in programme implementation that have benefited workers and enabled them to gain new skills and qualifications.

6.6.1.3 Gender

In 2017/18, when looking at the proportion of males and females by occupation level, the female share is highest for Skilled level positions, whereas the male share is highest at Top management levels. The proportion of females increases when the positions become lower up until Semi-skilled positions (DoL, 2018).

Table 6-3: Proportion of employed by gender and occupational level, 2017/18

Gender	Occupational level					
	Top management	Senior management	Professionally qualified	Skilled	Semi-skilled	Unskilled
Male	77.1%	66.2%	53.4%	52.9%	56.5%	59.1%
Female	22.9%	33.8%	46.6%	47.1%	43.5%	40.7%

Source: Commission of employment equity, annual report, 2017/18

In terms of a trend's analysis, for Top management positions, Senior management positions, Professionally qualified positions, and Skilled positions, the female share increased and the male share declined. This is an encouraging finding as it indicates that females are accessing higher skilled positions. The biggest increase was in the case of Skilled level positions at an increase of 1.9 percentage points, from 45.2% in 2015 to 47.1% in 2017.

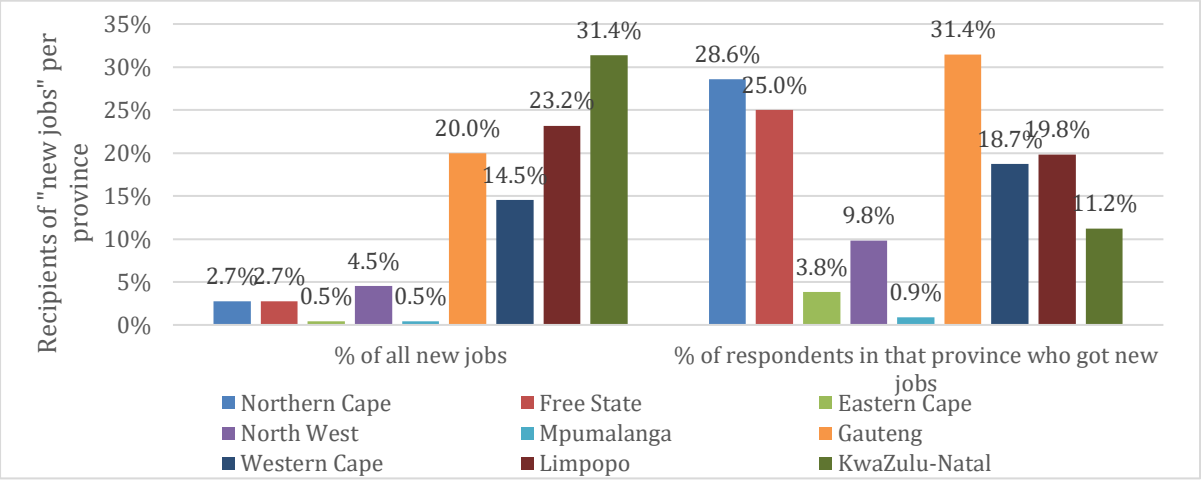
Also, in terms of the tracer study analysis, when looking at the NSF funded beneficiaries' tracer study, it was found that comparatively more women than men obtained jobs after completing a training programme. This was also evident in the case of the SETA funded beneficiaries as women in formal employment increased by some 80% on pre-training levels, whilst there was a slightly lower increase for men, of 66%.

Hence, when looking at the analysis above it seems as if the transformational agenda is moving in the right direction in the case of woman. However, more still needs to be done as is evident when looking at the unemployment rates by gender, it remains lower for men than it does for women at 25.3% and 29.5% in 2018Q2, respectively. Also, the labour force participation rate consistently remained above 60% for men whereas for women it was recorded at around 50%. This is the case even though women constitute 51.2% of the population (Stats SA, 2018b).

6.6.1.4 Geography

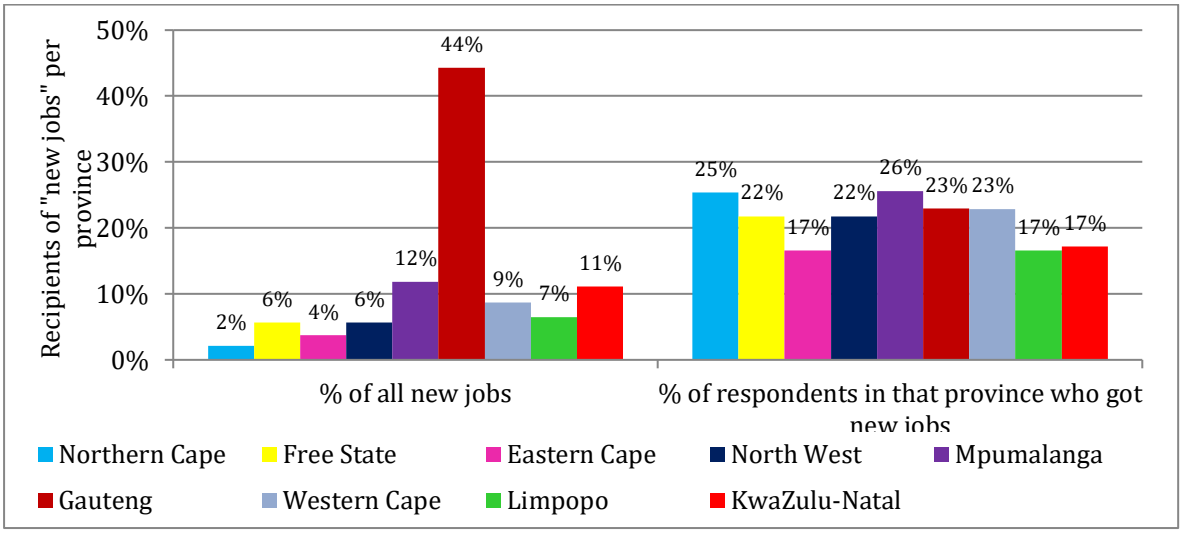
In terms of the tracer study analysis, for the NSF funded beneficiaries, the training programmes were not equally represented in the different provinces: most respondents were from KwaZulu-Natal or Limpopo. It is therefore not surprising that the greatest proportion of newly obtained jobs across provinces were in KwaZulu-Natal (31%). It should be noted that if one only looks at the percentage of newly obtained jobs in the KwaZulu-Natal province on its own, it was just over 10%. In contrast, in the Gauteng province there was only 20% of newly obtained jobs across provinces, but within the Gauteng province alone, 31% of previously unemployed people who underwent training obtained jobs.

Figure 6-6: The percentage of all newly obtained jobs across provinces is shown as well as the percentage of respondents from each province who obtained new jobs after being previously unemployed.



For SETA funded beneficiaries, the SETA-supported training programmes were primarily located in Gauteng Province. This explains the high percentage of newly obtained jobs in that province in proportion to the others. Interestingly, the provinces fared fairly equally in terms of the proportion of unemployed people who obtained employment (relative to the size of the learner population in that province). This finding is different from the NSF data. This may suggest that the SETA programmes are more aligned with specific demand in a province highlighting the importance of improved planning to better outcomes; particularly in provinces where recruitment into the workplace is limited.

Figure 6-7: The percentage of all newly obtained jobs across provinces is shown as well as the percentage of respondents from each province who obtained new jobs after being previously unemployed.



Despite the increases in employment within the different provinces, when looking at the unemployment rate by province in 2018Q2, even for the KwaZulu Natal province it has been increasing overtime, from 20% in 2011Q2 to 21.8% in 2018Q2. The same is true for the Gauteng province with an increase from 28.3% in 2011Q2 to 29.7% in 2018Q2. The unemployment rate is highest in the Free State province at 34.4% and lowest in the Limpopo province at 19.3% in 2018Q2. The Eastern Cape and Mpumalanga provinces also have high unemployment rates at 34.2% and 33.2%, respectively. These trends have generally remained the same overtime (Stats SA, 2018b).

6.6.1.5 Age

In examining impact in relation to young people there are two approaches, the one focusing on individuals who participate and the other, is impact on the challenge of the 3.3 million NEETs. According to Stats SA (2018c), it was found that of the 10.3 million persons aged 15–24 years, 32.4% (approximately 3.3 million) were not in employment, education or training, implying that close to one in three young South Africans between the ages of 15 and 24 years were not participating in the labour market in 2018Q1. The SETAs and the NSF have done well in focusing resources towards the youth. Of the approximately 200 000 people trained each year, about one third are under 25 and two thirds are under 30 and three quarters are under 35. This is strong evidence that the increased emphasis on the NEETs is resulting in increasing numbers of young people being given access to programmes that are having an impact - a large proportion do obtain work through the programmes. More such young people gain employment than do those going through public TVET colleges. There are even signs that a young person accessing a learnership or apprenticeship has a better chance of getting a good job, than many university students from poorer backgrounds.

In the tracer study analysis, it was found that the majority of the respondents who were employed prior to the training were in the older age categories; entrants in the 31 – 35 and >35 age categories. In terms of the age groups of the recipients who obtained jobs, the opposite pattern was observed to the 'before' picture: majority of the newly obtained jobs went to people

under 30 years of age, and in the case of the SETA funded beneficiaries in particular, the 26 – 30-year age bracket were most of the recipients of newly obtained jobs. On the other hand, fully half of those starting their own businesses were over 35 years, according to the NSF study.

However, when using the under 35 numbers, around 150 000 young people a year (75 000 if the under 25 figure is used) are being trained. This is a very low number when compared to the total of over 3.3 million NEETs and in relation to the 500 000 young people who leave school each year. So, the proportion is low, of NEETs accessing relevant programmes. So, what the skills system is doing is making a contribution to impacting on the NEETs challenge, but it is, and will remain, a relatively small one.

Evidently, according to Stats SA (2018b), the age group that has the highest unemployment rate is people between the age of 15-24 years, with an unemployment rate of above 50% in 2018Q2. This is quite a grim picture that has remained consistent overtime.

6.6.1.6 Disability

In 2007, disabled employees represented 0.93 per cent of the population of permanent employees and received a 0.62 per cent share of all training of permanent employees (HSRC, 2008), whereas in 2015/16 the proportion of people living with disabilities accessing learning opportunities was 2% (Analysis of SETA performance data). This means there was a significant improvement between that phase of the NSDS and the period under review.

Based on the annual report of the Commission for Employment Equity (2017/18) it was observed that people living with disabilities are grossly under-represented at the Top management level (1.3 per cent), Senior management level (1.3 per cent), Professionally qualified level (1.3 per cent), Skilled level (1.2%), Semi-skilled level (0.9 per cent) and the unskilled level (1.0 per cent). Between 2015 and 2017, the proportion of people living with disabilities employed at these various levels declined (except for Professionally qualified positions where it remained unchanged), with the most significant decline being at the Top management level at a decline of 0.4 of a percentage (DoL, 2018). Furthermore, those persons living with disabilities who are employed at Top levels are mostly White males with 50.8 per cent White male representation in this level. Males with disabilities enjoy greater representation than females with disabilities at all employment levels (DoL, 2017). This is the case even though the 2016 Community Survey (Stats SA, 2016) found that disability is more prevalent amongst females.

6.6.2 Conclusions

The NSDS III was clear about directing resources towards the transformation imperatives. Although the strategy did not set clear targets and these were subsequently agreed through SLAs between the DHET and SETAs, access to learning opportunities was facilitated (as shown in Section 5). Across all transformation imperatives there are some positive developments and marked improvements when compared with the previous phase of the NSDS. According to the tracer study analysis, mostly people below the age of 30 and comparatively more women than men obtained jobs after completing a training programme. Also, according to the DoL, Africans as well as females are accessing better skilled positions.

However, broadly speaking, access was not accompanied by improvements in unemployment rates of those aged between 15-24, females, people living with disabilities nor Africans, according to Stats SA.

6.7 Overall conclusions in relation to equity

Employment Equity is much more likely to be achieved in a situation where the economy is expanding. Equity gains are often lost during a period of retrenchment or contraction. So again, the advances made in the last ten years may not have been very impressive, but employers believe that skills development has resulted in more black people being in management positions, and also women (though to a lesser extent than for black men). People with disabilities seem to have regressed the most in terms of their place in the labour market. Employment equity trends reported by the DoL show a gradual but steady, annual progress in terms of equity in management positions in companies. Over a twenty-year period, there has been progress and many employers will argue that skills development has assisted. Trade unions are less convinced. They argue that employment equity committees and skills committees should work more closely together, and that skills development could achieve more where there is a serious strategy in place to achieve employment equity. But given the sluggish nature of the economy, the likelihood of achieving substantial progress in terms of employment equity is reduced. Nevertheless, the fact that both employers and trade unions talk positively about the role of skills development in achieving equity is important. There would appear to be agreement that this will be an important focus going forward.

SECTION 7: CONCLUSIONS

WHAT THIS SECTION COVERS

This section of the evaluation discusses the overall conclusions of the entire evaluation by categorising it in terms of Relevance, Effectiveness, Efficiency and Sustainability. Conclusions are reached on Relevance in relation to large and established companies; small, micro and emergent enterprises; career development; youth; and the public service. The section also discusses factors impacting on relevance. In terms of Effectiveness, conclusions are reached on the overall effectiveness of the strategy, effectiveness in achieving the goals and outcomes as well as effectiveness on individuals. Factors impacting on effectiveness in also discussed. Whether system wide Efficiency was obtained is discussed in this section, specifically looking at efficiency of skills development institutions and skills development programme implementation. Factors impacting on efficiency is also discussed. Conclusions are reached on whether programmes are sustainable with an added focus on the sustainability of NSF funded programmes.

7.1 Relevance

The conclusion reached during the Design phase of the evaluation was that the overall strategy was relevant to the challenges that it sought to address. NSDS III identified the need for a new more integrated approach to education, training and skills development to assist in the process of building a new department, and positioning skills development to be working more closely with the public TVET system. It sought to address the perceived misalignment of skills strategy and the industrial strategy in a manner that would contribute to a capable and developmental state. Many stakeholders observe that in almost all respects the design of the strategy is relevant and addressed clearly articulated challenges though they believe the strategy requires more time to implement.

Although there was no explicitly articulated Theory of Change, the outputs were clearly designed to achieve a set of outcomes that in turn would achieve the goals and the long-term vision of the strategy. The manner in which this relevance was translated into the implementation of the strategy is considered below with respect to the contexts in which the strategy is given expression and the target groups that are reached through the strategy.

7.1.1 Large and established companies

Larger and established companies identify their skills needs and priorities and work with SETAs to identify relevant programmes and interventions to address them. The lists of scarce skills occupations, and the list of PIVOTAL programmes that SETAs publish, are generally the ones that employers apply for grants to implement. In the survey over 57% of employers indicated that the SETAs were identifying the most appropriate programmes to focus on and 52% agreed that the SETAs were identifying the most appropriate programmes to address them. Although not an overwhelming endorsement, to have a majority expressing confidence in what SETAs are doing is encouraging.

In 2014, the DHET moved from the concept of scarce skills occupations to publishing a list of Occupations in High Demand. This was intended to focus spending on occupations that are likely to absorb large numbers of people into current and/or future jobs.

The evaluation has also provided evidence that existing employees are accessing skills development programmes and that for employers the upskilling of their workforce is their main motivation in engaging in skills development. It has also shown that there are relevant full qualification programmes that are accessed by unemployed people. The data signals that there is a reasonable balance being achieved between programmes aimed at new entrants and those aimed at the current employed workforce. As indicated in the tracer study, the majority of learners felt their expectations were either completely or mostly met though there was an uneven response with respect to the extent that learners believe that the programmes prepare them to access employment.

7.1.2 Small, micro and emergent enterprises

Of the two million plus registered companies, some 300 000 are identified by SARS as being members of SETAs. Only around 23 000 of these companies participate in SETA grant processes or participate in discretionary grant funded projects. It is estimated that more than 80% of the registered companies are small majority of which do not participate at all in the skills development system. A merSETA informal sector study conducted in four provinces found that 99% of the respondents operating businesses in the informal sector have never heard of a SETA or merSETA. This raises the question about the extent to which small, micro and emergent enterprises are directly reached by the skills strategy. Some respondents would argue that the reality that a larger pool of workers are being trained is of benefit to these smaller enterprises who may absorb the graduates (and the tracer study points to the reality that a percentage of learners initiate their own businesses when they graduate). However, the case studies suggest that many of the skills development projects that are directly targeting SMMEs do not work with the SETA system. This suggests that SETAs, in their implementation of NSDS III, are not putting in place the programmes, systems and partnerships that are appropriate to the needs of smaller businesses. In the words of one representative of SMEs within the system: “Large employers are being subsidised by small businesses to train more than they need, whereas small businesses are not benefitting from the training”.

Others argue though that the levy has ensured that larger companies can train above their needs and in this way the levy benefits smaller companies. There is evidence that both arguments have merit but that certainly there is still a need for greater attention to be paid to how SMMEs are involved in this process.

7.1.3 Career development

One test of whether the high-quality SETA career guides - which set out learning pathways to priority occupations in each sector – are relevant, is the extent to which they are being used to inform the decisions of learners in relation to the jobs they seek and the programmes they enrol in to achieve their goals. The evidence of learner tracer studies and the employer survey is that few people either know about, read, or make use of the guides. A particular concern is the finding that up to 12% of learners in SETA programmes were deeply dissatisfied with the

guidance that they received at the end of the programme. Nearly 60% of employers say that they never make use of the career guides. Although a study of the guides themselves reveal important information it would seem that they are not viewed as relevant. There is also a concern that there is no mechanism in place with the Department of Basic Education to enable their use in schools.

7.1.4 Youth

From the perspective of an unemployed young person seeking entry into the labour market the programmes on offer, such as learnerships and skills programmes, are designed to achieve occupationally relevant qualifications and work experience. The programmes that are made available to young people in the form of apprenticeships and learnerships are working for the young people who access them. The tracer studies show a high degree of usefulness being acknowledged by learners and the high employment rate of those completing the programmes attests to this. The challenge is scale. To make occupational programmes available on a mass scale is not achievable within the available resources.

7.1.5 The public service

In the public service, the strategy has set out to conduct analysis and reflection on achievements and challenges, review the institutional arrangements for the public service skills development, to resolve the funding challenges, and then to use skills development to build a capable and developmental state.

No structural changes were made in the way that the skills system works with the public service, though some attempt at coordination has been made in the “GSETA” coordinating forum of public service SETAs. Funding has been addressed in that SETAs, from 2014, received not only the 10% of 1% allowed to support the administrative costs of SETAs, but also an additional 20% of the ring-fenced amount. So, SETAs such as ETDP SETA, H&W SETA and SASSETA now have significantly more funds and departments have to work with these SETAs to determine how the money is spent. In the larger employing departments (Education, Health and Police) there is a large degree of consensus on the programmes that are relevant to the needs of departments. There is less clarity in relation to departments who engage with PSETA. PSETA seeks to address the needs of administrative staff in all departments and the professional and other staff employed in the departments that are not formally part of a SETA such as ETDP or H&W. Interviewees indicated that WSPs and ATRs were submitted to PSETA more for compliance reasons than to agree relevant programmes. It was also indicated that departments generally plan their programmes quite independently of the PSETA. Having said that, the view is that most departments are accessing relevant programmes for their staff.

The aspect of relevance that was most difficult to confirm was in relation to the building of a capable and developmental state. It is unclear whether the programmes that have been put in place are relevant to the building of such a state in the way articulated in NSDS III.

7.1.6 Factors impacting on relevance

The following factors have been identified as impacting on relevance:

7.1.6.1 Grant processes

SETA grant processes and compliance requirements make access difficult and therefore the whole skills system lacks relevance to very many small and community-based entities. Large numbers of small companies continue to treat the levy as a tax. In the employer survey, 27% of employers stated that they had not applied for skills development funding and of those 40% stated that the processes for applying were too complex and/or time consuming. Many SETA managers attest to the confusion that exists because of each SETA having its own processes and criteria. In the national treasury survey of employers, in relation to the learnerships tax incentive, administrative processes in SETAs was given the main reason for not engaging more in learnerships. A key SETA success story has been the achievement of largely clean audits from 2011-2016. There has been continuous tightening up of financial controls and this is to be applauded. SETAs have a much better record in relation to audit findings than most public entities. However, the downside is that those entities that cannot meet the stringent compliance requirements are left out or are forced to go through private training providers, skills development facilitators (known as external SDFs), lead employers (including industry bodies and professional associations), and labour brokers to gain access to skills development programmes. This is not ideal and many opt out completely.

7.1.6.2 Numerical targets

The chasing of targets militates against engaging those entities that most need skills. Targets can best be achieved by asking large companies to train more people than they need. One intern or apprentice can make a big difference to a small company, but it is too much work for a SETA to want to fund it. Targets need to be designed in such a way that small businesses are accommodated in the work of SETAs and that appropriate strategies can be designed and implemented in that regard: this includes the possibility of working in partnership with other bodies who are focusing on SMME development.

7.1.6.3 Funding pressures within Post School Education and Training

Pressure to address shortfalls in PSET voted funds led to programmes being funded that have limited relevance to the goals or outcomes of NSDS III. This was partly because of the pressure that was mounted to fund access to university and TVET college programmes. The NSF had accumulated a R6 billion surplus, and so it was inevitable that the funds would be accessed. It is unclear whether the programmes funded are relevant to the NSDS III; many of the programmes though do not include a practical or work experience component, which is so critical to the national skills development strategy. The majority of programmes offered by universities, and TVET colleges, are not designed in that way.

It is true that some of the students that have been funded via NSFAS have studied in scarce skills occupations, but they are not generally programmes that integrate theory and practice. Further, and perhaps of greater concern, is that there has not been any process that has

identified the programmes being funded as relevant to the implementation of sector skills plans. Most SETA managers were unhappy that they were being required to spend levy money on funding university and TVET college programmes, and employers generally expressed the view that it was not the function of the levy to fund the public education system. As one CFO put it, “with the sector refusing to employ people from the TVET colleges why would we want to fund them?”.

7.1.6.4 Focus on full qualifications

The focus (in the SETA Grant Regulations) on programmes leading to full qualifications was welcomed by many. Those being trained want evidence in the form of a certificate that has currency in the education system and in the labour market. However, the achievement of full qualifications is of less relevance to small businesses, organized labour, NGOs and cooperatives. This is evident from the survey of employers where a large proportion opt for skills programmes as their preferred training, and from interviews with employers who state that lengthy periods of training are not practical for them. The trade unions started implementing two full qualification programmes in 2013 but the numbers enrolling are very small. The main reason given is difficulty in getting time off from work for the time needed. One of the unintended consequences of the Grant Regulations, the focus on PIVOTAL and the limited discretionary funding available for “non-PIVOTAL” programmes, has been that important skills development opportunities have been lost.

7.1.6.5 Stakeholder Voice

Many of those most in need of skills development do not find their needs expressed through WSPs submitted to SETAs or in research conducted with levy paying companies. The voice of large and established companies is loud within the skills system as compared to other voices. The skills system is virtually unaware of the informal sector as its voice is not heard at all. Little or no research has been conducted in the informal sector within the context of the skills development system. The experience of the research team in engaging with the trade unions indicates that the voice of organized labour has become weak, even though the system was established on the basis of organized labour having 50% of the representation in SETA boards. The Nedlac Community constituency is worried about the inability of communities to engage with skills development in the manner promised by NSDS III. Unless serious attention is given to improving the articulation of skills needs of all economic role players, the skills system as a whole will continue to be viewed as not being relevant except to a relatively small group of large employers.

7.1.6.6 Focus on current skills

There remains a concern within government and in particular the DTI, DST and others engaged in research and innovation that demand is being identified for current skills needs, but not for future skills. This again is related to the reliance on WSPs and the fact that the majority of WSPs are from large established companies. The “institutional mechanism” was envisaged as playing the role of skills forecasting but this has proved to be a complex and difficult output and has not been achieved as yet. Attention will need to be given in future strategy to ensuring that future skills needs are identified and planned for.

7.2 Effectiveness

There are a number of different levels in relation to measuring effectiveness. There is the level of the strategic purpose: to what extent has NSDS III been successful in shifting the skills system from where it was to where policy makers wanted it to be?

Then there is effectiveness in relation to strategic outcomes. For example, has the public service developed human capabilities that it lacked? Have workers in firms that participated in implementation of the NSDS III become more productive and competitive? Has the economy of the country improved or at least been assisted to weather economic downturn? Has employment equity been progressed as a result of the training?

A third area of effectiveness relates to the individuals who have participated. In relation to effectiveness the question is whether the programmes were valued and helped people gain traction in a hostile and difficult labour market.

7.2.1 Overall effectiveness of the strategy

The Strategy in its implementation has been effective in achieving a strategic shift:

- from a private skills market that was divorced from government strategic goals and programmes to a skills development framework that is much more closely aligned to government policies and strategies;
- from a situation where skills development was viewed quite separately from the public PSET system to one where there is a growing level of collaboration and integration;

Neither of these have been fully achieved but progress has been made. One of the challenges that remains is alignment to industrial strategy. Some work has been done to align skills development to industrial strategy, but there is evidence of only partial success in this.

It needs to be emphasised that NSDS III was perhaps not a realistic strategy for a five-year period, even though that was how it was framed. So, for example there was a focus on middle level skills and artisans. There has been an expansion of level 3 and 4 artisan training but less progress in expanding level 5 and 6 programmes. Enabling progression into this higher-level qualifications takes longer to achieve. There has been a focus on building TVET college capacity, but this is also something that takes time and so limited progress has been made so far. The fact that limited progress has been made cannot be used as evidence of an ineffective strategy. In many ways NSDS III has brought about very important changes. The skills development system has changed direction. There is a sense of skills development being part of a wider government and national agenda.

However, while these are positive findings, more attention needs to be given to implementation levers, restructuring the skills system to be better positioned to take the strategy forward, putting in place coordination structures where more than one branch or department is involved, and improved accountability arrangements. In particular there was a gap in the coordination between the Skills and TVET branches and between DHET and the Industrial and economic departments.

Some stakeholders are of the view that in broad terms elements of the NSDSIII, with some refinement, should remain in place post 2020 (that is, should be given expression in the next National Skills Development Strategy. They argue that a start has been made and the strategy needs to be driven forward not changed. Others are concerned with some unintended consequences (such as the shift away from ABE and community-based programmes, and the lack of attention given to the informal sector) and want to ensure that these are addressed in future iterations of the strategy. Overall NSDS III has been effective in shifting focus and direction in line with intended policy, but it has not been uniformly effective across all eight goals. Work is needed to improve effectiveness in the next iteration of the strategy.

7.2.2 Effectiveness in achieving goals and outcomes

In terms of each of the goals, and outcomes linked to the NSDS III Goals, the effectiveness picture is mixed. Good progress has been made in some goals, less in others, but progress is being made and the work done is having the intended effect. In order to evaluate effectiveness, the focus has to be on the intended target groups or recipients of skills development programmes. In order to explore effectiveness in relation to the skills development goals (lower, middle and higher-level skills), there is a need to examine how the programmes were experienced and their effectiveness in the various client groups identified – firms of different sizes, cooperatives and NGOs, the informal sector and the public service.

- **Firms.** Employers who supported training believe that the training has impacted favorably on their companies, with increased productivity, more flexibility and less accidents being highlighted. They also believe that employment equity advances have been made with the support of skills development. This is to some extent contested by the trade unions and by the evidence of DoL findings from employment equity reports.
- **Cooperatives and NGOs**. Although some training has been targeted at cooperatives and NGOs, very little evidence has been provided that demonstrates effectiveness. The view of those interviewed is that cooperatives have generally struggled to survive, have been affected by the poor performance of the economy, and have not been able to benefit significantly from skills development. In relation to NGOs, the view of the Nedlac community constituency is that civil society generally is weaker today than it has been historically and that little has been achieved in terms of skills development to strengthen NGO capacity. In general, SETA managers are of the view that this is a weak aspect of NSDS III implementation.
- **Informal sector**. This is probably the area of least effectiveness during the period 2011-2018. The funds that were made available prior to 2011 were redirected to other national priorities and all stakeholders agree that limited or no research has been done to identify the informal sector or the skills that it needs. Measuring effectiveness in terms of economic performance is not easy. Employers state that skills development has improved performance. It is very doubtful if skills development has been effective in the informal sector.
- **The economy**. The case studies conducted show the effort that was put into aligning skills development to Strategic Infrastructure Projects (SIPs) and to forge public private partnerships that included (for example) the building of a skills training centre next to Medupi power station on the site of the nearby TVET college. Some efforts have been made to include skills development in Industrial Development Zones (IDZs). However,

the overwhelming evidence points to very fragile partnerships, with industry and DTI stakeholders actively avoiding doing business through the SETAs. SETAs are viewed at best as funding sources, and at worst as bureaucratic obstacles to the achievement of wider economic outcomes. This underlines a key finding that it is very difficult to build the kind of relationships and long-term partnerships that are needed to achieve impact in the economy. The findings in relation to the need for "brokering" skills are relevant to achieving the desired alignment between skills development and industrial strategy.

- **Public service**. There are aspects of state engagement in the strategy that have been effective (for example, expanded workplace learning and some learnership and artisan programmes). However, as described earlier in the report, 2011-2016 saw some major changes in both coordination and funding and it is early for these changes to be impacting. The basis has been laid for more effective skills development in the period ahead. Effectiveness will require an alignment of skills development interventions to other strategies for improving public service capacity. Since 2014 there has been an increase in skills development facilitated and funded by the SETAs and these programmes need to be evaluated to determine their effectiveness.

7.2.3 Effectiveness for individuals

In relation to effectiveness the question is whether the programmes were valued, and helped people gain traction, in a hostile and difficult labour market. The strategy in its implementation has been largely effective. Those that engaged in programmes gained qualifications, gained work experience and gained in confidence to apply for jobs. In certain circumstances, the programmes resulted in those qualifying finding employment, starting a business or gaining promotion. Effectiveness was influenced by such things as the type of programme and the actual need in the company and sector.

7.2.4 Factors impacting on effectiveness

There are a number of factors at play that determine effectiveness or otherwise of programmes.

7.2.4.1 Demand-led programmes

Evidence indicates that when programmes address real demand and employers see relevance and need or if a programme is designed to meet a specific need then the chances of a person obtaining employment after qualifying is much greater. Where programmes are supply or provider-led, there is less employer commitment and less chance of employment on qualifying.

7.2.4.2 Sound planning of delivery

There are a number of critical steps in the delivery of skills development programmes that impact on effectiveness:

- Good induction processes are needed, clarifying roles and responsibilities, and building accountability from the outset.

- The recruitment and selection process needs to be an employer responsibility. Where a rigorous process is followed to recruit and select, there is a much greater chance of those that start, completing and staying in their chosen occupational field.
- A constructive and supportive relationship between the employer (responsible for workplace training and mentoring), and the provider of theoretical and practical training assists a great deal. It enables discussion on challenges and joint resolution. Integration of theory and practice is partly a curriculum issue but it is also about the employer and provider working together.

Many of these are missing from funded programmes and are not considered important within SETAs to monitor or encourage. Better results could be achieved if more attention were to be paid to these aspects of programme implementation.

7.2.4.3 Monitoring and trouble shooting

Monitoring is critical. Progress in terms of both formal training and work experience must be monitored and problems identified early. The monitoring role of the SETA, and its willingness to intervene and find solutions to problems is critical. Again, this is a weak area in many SETAs.

7.2.4.4 Factors specific to small and micro businesses

The following are factors specific to small and micro businesses including those operating in the informal sector.

- Skills development programmes must be fit for purpose.
- There is a need to link training to industrial strategy. Skills development programmes should complement other interventions in industry and the economy
- Training is not enough in itself. There must be links to other support such as finance, market access, accommodation, machinery etc.
- It needs to be recognised that supporting small businesses will involve a change in the nature of the work of SETAs. A more hands on and less bureaucratic approach is needed when supporting small and micro enterprises.

7.3 Efficiency

7.3.1 How can efficiency be measured and improved?

Efficiency can be viewed at a number of levels: at strategy and system level – the extent to which overall costs were contained and numbers of beneficiaries was at the maximum level achievable with the available resources. Then there is the efficiency at the level of skills development institutions and finally the efficiency of programme delivery.

7.3.2 System-wide efficiency

SETAs had around R30 billion to spend in discretionary grants. During the five years, the SETAs actually spent R20 billion and ended the period with R13 billion in reserves. This shows a systemic inefficiency that needs to be addressed.

The NSF received R13 billion, inherited a R6 billion surplus and received R4 billion from the SETAs. So overall, the NSF had around R23 billion. It disbursed around R14 billion. It ended 2015/16 with reserves of R 10.8 billion.

The ring-fenced 1% available for skills development in the public service was just over R3 billion in 2011, rising to R4.25 billion in 2015. The total available for the five years came to just under R18.5 billion. Of this R9.5 billion was spent. In 2011, 62 % of the 1% was spent and this reduced over the five years to 44% in 2015/16.

There is clearly a challenge in relation to the system's capacity to spend all the funds that are available. Improved cash flow management could achieve improvements in the proportion of income spent over a five-year period.

During the period 2011 to 2016, just over 1 million learners were funded by the SETAs and 330 000 were funded by the NSF, on average around 270 000 a year. It is not possible to calculate what a reasonable target would be without going into detail in relation to the type of programmes being delivered but given the sums of money allocated it is reasonable to ask whether more could be achieved with the available funds.

7.3.2.1 Skills development institutions

SETAs are allowed to spend up to 10% of their budget on administration. There is some evidence of discretionary funds being used for some administrative tasks and functions, and so the SETAs are in practice spending more than they should be.

Using declared admin costs, the cost per learner is between R5000 and R6000. These amounts could be reduced by a combination of a) increasing the numbers of people funded, and b) monitoring and containing administrative costs.

One of the costs that has risen over the period 2011 to 2016 has been salaries. Over half the SETA CEOs earned more than a Director General. Staff salaries generally have increased with the average salary at the end of 2016 being over R450 000.

7.3.2.2 Skills development programme implementation

As stated, SETAs funded just over a million people to engage in skills development programmes. Of that number around 800 000 or 77% completed their programmes. The 23% non-completion has to be treated with caution as throughput as identified in cohort analysis would indicate that only 31%-32 % of those enrolled in learnerships completed and passed, and 41% of apprentices completed and passed in five years. These are worrying indicators of quite serious inefficiency in the management of the two most expensive programmes.

7.3.3 Factors impacting on efficiency

There are a range of factors that impact on efficiency:

- Cash flow management. The practice in many SETAs of keeping “committed funds” in reserves and not spending from reserves means that there are large sums of money not being used for their intended purpose.
- It is not easy to set targets and the SETAs have a legitimate concern about the use of targets and the distortions that a target driven approach can lead to. For example, during NSDS II it was concluded that the target approach had led to a proliferation of lower level programmes being delivered which were easy to complete. There is therefore the need for a structured and informed discussion that results in targets that are aligned to sector demand and which takes account of the relative cost of different programmes and their value. Other factors also need to be considered and taken into account.
- Fit for purpose programmes. There are several aspects to the issue of selecting the most appropriate programme.
    - Ownership. Employers may trust “their SETA” programmes but not those of other SETAs.
    - Qualification type. Certain programmes get recognised and producing skilled people.
    - Occupations targeted. Some occupations absorb more speedily than others.
    - Genuine demand. Where a skill is in demand, absorption levels are high.
    - Level of qualification. The higher the level, the shorter time spent job hunting
    - Location. Some provinces are better than others and people from townships still disadvantaged.
    - The state of the economy. If there are job reductions absorption is slow.

There are also a number of risks that SETAs need to manage including:

- Programmes targeted at skills that are not in demand - leading to lack of commitment and buy-in from employers.
- Wrong diagnosis of the scarcity challenge, so the underlying problems of recruiting and retaining skilled workers is not addressed (for example low wages, or temporary contracting practices, could be the cause of shortage not skills).
- Inappropriate interventions to address the challenge – for example full qualification programmes such as learnerships, when other interventions such as a skills programme or internships would be more cost effective.
- Gaming the system, with employers and providers applying for large numbers of learners even though the demand is not there.
- Delays, both in SETAs, and with employers and providers that could be avoided with better planning.
- Unreasonable compliance requirements, that make it impossible for some employers to participate.

7.4 Sustainability

7.4.1 Are programmes sustainable?

The most obvious success story in terms of effectiveness of NSDS III is around artisan and learnership programmes. The evaluation of NSDS II conducted by the HSRC in 2011/12 concluded that such programmes are effective, and this study reaffirms that finding. However, the throughput figures indicate an unexpectedly high level of inefficiency in these programmes. They are also the programmes that cost the most. So, the question of cost-benefit and sustainability is an important one.

The following facts need to be considered:

- There was about R30 billion available by SETAs between 2011-2016 for discretionary funded programmes. This is from a total levy income of R63 billion of which R50 billion went to the SETAs. If admin costs and Mandatory Grants are deducted, and the delays caused by grant processes is taken into account the available discretionary amount for 2011-2016 was R30 billion. In practice R20 billion was actually spent.
- In addition, the NSF has spent around R14 billion. So, the total spend was approximately R34 billion.
- Of this, just over R10.6 billion was spent by SETAs on artisans' training and a similar amount (R10.7 billion) was spent on learnerships.
- Approximately R2.5 billion was spent by the NSF on apprenticeships and learnerships.
- So approximately R23.3 billion was spent on apprenticeships and learnerships.
- Skills programme spend came to R4.2 billion
- Internships came to R1.8 billion.

Although the amount spent by SETAs on artisan programmes and learnerships was about the same, the number of learners funded differed. The learnerships are mainly one-year programmes, whereas the artisan programmes are generally 3 years in duration. So, whereas there were just over 340 000 enrolled in learnerships over five years of NSDS III there were only just over 130 000 apprentices in artisan programmes.

The analysis of efficiency has revealed:

- Skills programmes have a virtually 100% completion rate. Whilst questions need to be raised in relation to a system that is 100% successful, in general it is to be expected that shorter, fit for purpose, programmes will have relatively good completion rates.
- Internships have a low completion rate of around 30%.
- Throughput rates for learnerships are based on a cohort analysis of those entering 1-year learnership programmes in 2011, 12 and 13. The throughout rate after 3 years was 33.8%.
- The throughput rates for artisans entering 3-year programmes in 2011 stood at 31.7% after 3 years and 42% after 5 years. A study for National Treasury in 2014 put throughput rates at 54%. It is possible that current throughput rates have improved further. Indlela estimate throughout at 59% which is realistic in the light of changes made in artisan development planning since 2015. Actual throughput would require a

cohort analysis of artisans entering programmes in 2014 and 2015 and this has not been done for this study. So, the Indlela estimate of 59% is accepted as being a realistic one.

Throughput rates are very important in relation to artisan programmes. The estimated cost of 2011-2116 wastage (people not completing the programme) was approximately R3.2 billion. This is on spending of R10 billion.

Unless the costs are reduced then the NDP target of 30 000 artisans per year will prove to be unachievable. One of the lessons that came out of the recent National Treasury project on costing implementation of PSET White Paper targets is that such targets cannot be achieved without the requisite budget. Currently, it looks very unlikely that the growth in artisan training is going to be sustainable.

There is also a need to examine opportunity costs. As previously stated, the decision to prioritise artisan training has effectively reduced the funding of ABE and community-based training and focused the skills system on the needs of the formal manufacturing, mining and construction sectors. There is a need to consider whether more could be done with the funds being allocated to artisan programmes.

7.4.2 Sustainability of NSF funded programmes

There are two critical issues that have arisen in respect of NSF funded programmes. The first is the sustainability of those programmes that are rightfully the role of the state to fund (as opposed to those that the levy and the NSF are intended to fund). It is not the job of the NSF to fund higher education. The Skills Development Act does not include in its purpose statement, funding either further or higher education. Yet there has been substantial funding to universities and to university students from the NSF in recent years. If the funds were to be withdrawn the question will be: can the expansion in numbers that was achieved be sustained?

The same question arises in relation to artisan training that the NSF funded in the SOEs. It was important that NSF supported the revival of artisan training and helped take the training to rural areas. In particular, the NSF has assisted in repositioning public TVET colleges, so as to be able to deliver theoretical and practical training to apprentices and thereby play a bigger role in occupational programme delivery. This is work that is highly valued and which would not have been achieved without NSF funding. But will the SOEs now pick up the costs of future apprenticeship training and see it as part of their responsibility in the future or will they continue to require NSF funding? Similarly, with the TVET college artisan training capacity. NSF has made the initial investment but what of the future? Will the ongoing modernisation of workshops be paid for from voted funds? Will the changes brought about be sustainable?

If there is no sustained funding for artisan training from sources other than the SETAs and the NSF, the target of 30 000 artisans may not be realisable. There is a need for a sober discussion as to what is achievable in this highly successful but also very costly artisan programme, and to put in place a sustainable funding model. It will be important in that discussion to establish, a) whether the costs of the theoretical and practical training for occupational programmes will be catered for in voted funds, b) whether the SOEs, having been incentivised to expand artisan training, will now fund this on an ongoing basis, and c) whether funds can be used in a more

creative manner to leverage additional spending by employers. d) At the same time a discussion is needed on whether the artisan grant (currently R165 000) should be either frozen or reduced to acknowledge the fact that the colleges are being funded from voted funds to do the practical training that previously was to a great extended funded from the grant.

The other aspect of sustainability is whether programmes funded by the NSF in line with NSDS III (as distinct from general PSET funding) are sustainable given the current funding approaches. Fortunately, many of the cooperative, trade union and NGO programmes are funded on a multi-year basis and so there is a level of sustainability. However, the “catalyst” concept signals that the funding will not be there indefinitely and so sustainability is at risk. In certain programmes where alternative sources of funding are difficult to identify it may not be sensible to purely focus on start-up costs. Funding of certain programmes on a long-term basis may be the only way of achieving sustainability.

SECTION 8: RECOMMENDATIONS

WHAT THIS SECTION COVERS

This section of the evaluation puts forward recommendations to improve certain aspects in relation to the implementation and the impact of the NSDS III and the wider skills development system. The section focuses on four broad areas: Strategy; Governance and Accountability; Structuring the Skills System; and Fit-for-purpose programmes.

8.1 Strategy

8.1.1 The importance of a skills development strategy and plans

The Department is committed to creating an integrated, post school education and training system. This is given expression in the White Paper which also commits government to supporting and complementing the skills system with TVET. During the period prior to 2010 the skills system had started to develop independently of the public TVET and wider PSET system and it was appropriate during the period under review to rectify that. NSDS III has been successful in bringing the work of skills development institutions into a more collaborative relationship with government broadly and with the public PSET system in particular.

However, it is noted that the process of integration does not negate from the need to have a skills development strategy. Skills development cannot be viewed purely as part of the PSET system. There should be alignment of all strategies and plans (HRD, PSET, TVET and even those for technical training in schools being put in place by the DBE) and where contradictions occur they should be discussed, and solutions found. Skills development should not be seen as something separate from, or unconnected to, the work of PSET institutions. There should be particular attention given to the alignment of skills development strategy and plans to those of the TVET colleges and UOTs.

The Skills System has a unique function. That function should not be determined by its location in a government department. It is located in DHET, but that should not mean it must restrict its role to being part of the education and training supply side institutional framework. It needs to understand its role also as part of economic development and industrial strategy on the demand side. Some stakeholders argue that skills development and its associated legislation and structures should be located in the EDD or DTI, but that should not be a necessary step to enable the skills system to assert its role in the economy. The skills development function must include engaging with industries and services and their skills needs and articulating and seeking to help the supply side institutions to address those needs.

That is, the skills system is located between PSET and the economy and works across the two spheres. The skills development agenda must be firmly rooted in the needs of the economy, whereas this is not necessarily the case for PSET institutions. Universities have an important role that is quite separate from the demands of the economy and it would be wrong to suggest that they have a narrow economic function. But skills development does have that narrow focus and needs to constantly remind itself of that. Yes, it must work with the public and private PSET institutions, and yes, it must help strengthen TVET provision. However, there is an important

role for the skills system that is located in the demand side of the supply and demand equation and this should not be lost by completely subsuming skills development into supply side institutions and frameworks.

A key challenge during the period since 2011 has been the decline of employment in established and large business, particularly in traditional industries such as manufacturing, mining and agriculture. Much of the available resources has been targeted at supporting skills development in larger and better-established entities. The future strategy needs to address the skills needs of small and emerging enterprises where the potential for increased employment exists.

The other appeal that came through strongly in stakeholder and implementation role player interviews, is for consistency and continuity. Many stakeholders believe that NSDSIII was sound, but that it was not a five-year strategy. More time is needed and having changed direction over a five-year period time should be allowed for the work to be completed. Employers and providers (public and private) would like to be able to plan over a period of years. SETAs find it difficult working on the basis of five-year terms, with the current end date of March 2020 being viewed as a particular problem they are having to manage. A number of policy makers suggested the current NSDSIII could be adjusted rather than be completely changed.

The other common view across stakeholders was that although NSDSIII provided a sound framework or vision of what was needed, and enabled some flexibility at sector level, it tried to do too much. It may not have been intended but priority was given to artisan training and as a result huge levels of resources and commitment were mobilized and there has been a serious progress towards the NDP target of 30 000. The suggestion is that the strategy should try to do less but do it better.

Recommendation: it is noted that the Department has published a National Skills Development Plan. It is the view of this evaluation team that this should be reviewed taking into account findings from this evaluation of the NSDS III. This should inform both the shape of the National Skills Development Strategy, as well as the implementation plan, that takes effect from 1 April 2020. It is important its unique role in relation to the economy should be recognized.

Recommendation: that the strategy should be informed by a determination to build a demand-led skills development system, where the needs of current and future enterprises determine the priorities and programmes of the skills system.

Recommendation: That the strategy should be informed by long term goals medium term outcomes that are achievable within the resources available. Consideration should be given to identifying a small number of priority programmes that will focus the skills development institutions and stakeholders and resources.

Recommendation: Make the involvement of small and emergent enterprises a central focus of skills strategy and develop indicators to enable progress to be measured.

Recommendation: There should be agreement with relevant economic departments, the Department of Small Businesses and Industry on the approach and mechanisms for the

aligning of training to other support provided such as funding, business development support and access to markets.

Recommendation: There should be agreement with relevant economic departments and industry on a programme that has a specific focus on developing management and business skills and creating access to industry-based value chains and networks. The work of EDD on value chain linkages to townships, and the work of the DTI in relation to IDZs and industry specific incentives are examples of where skills development needs to be aligned to achieve greater impact.

8.1.2 The importance of joint planning processes

Having said that there should be a skills development strategy and plan, it should not be viewed as one owned only by the Skills Branch, or by the NSA or SETAs. The partial breakdown of the silos that existed in the Departments of Education and Labour is one of the successes of NSDSIII. The silos have not entirely been dismantled but a start has been made. More must be done to ensure that, just as the skills branch takes responsibility for ensuring that the TVET agenda is part of and aligned to skills development strategy and plans, so too must the TVET branch take ownership of the skills development agenda and ensure that it is part of TVET strategy and plans.

A pertinent example of this is the Centres of Specialisation project. This project will only succeed if the two branches take full ownership and ensure that agreed decisions are implemented. As those participating in the COS project will confirm, the issues being addressed are not easy, and there are areas of disagreement. Nevertheless, the level of collaboration and mutual understanding that has developed is very powerful and productive. In many ways it is a model of what can be achieved if the two agendas (driving employer led skills development and doing it through public colleges) are coordinated and driven by fit for purpose joint planning teams. There is a view within the department, that given the levels of investment in the COS project by the two branches, these arrangements should be built into longer term arrangements for the roll out of occupational programmes in the colleges. Obviously there have been tensions, and there is still a need to review the extent to which this model is yielding the intended results, but the COS joint project is seen as an important aspect of building the capacity of the colleges to play an expanded role in the delivery of skills for the economy – one of the central purposes of NSDS III.

It is also noted that there are other partnership models that are being developed by DHET and industry: for example, DHET, and other government departments, have been working the manufacturing sector (through the Manufacturing Circle and the National Business Initiative). These require joint planning across the branches to ensure that the Programme and Qualification Mix for the TVET Colleges takes these occupational programmes into account. This would allow for a combination of funding from the fiscus (as per TVET funding mechanisms), the levy and companies.

Overall, these examples suggest that there has to be an integrated approach to planning so that goals, outcomes and outputs that require action by more than one branch are owned and worked on by those responsible.

Recommendation: For each goal, outcome or output that requires more than one branch or department to achieve it, there should be joint planning and oversight structures put in place to drive delivery. The Skills Branch should take responsibility with the support of the DG for putting such structures in place.

8.1.3 Addressing incorrect perceptions

There is an important communications task ahead. During NSDSIII two perceptions developed. The first was that employers seeking funding for training would now be required to recruit learners and apprentices from TVET colleges when their general view of the colleges was that these colleges were not producing the skills required by industry. The second was that private providers would no longer have a role in skills development as all funds would now be channeled through the public TVET colleges and universities. These two perceptions were not correct, and it is clear from the evaluation research that these are not an accurate reflection of policy intent or policy implementation. Nevertheless, the perceptions were, and remain, strong that this is the direction government is moving in, and it is important to communicate effectively that this is not the case.

There is a need to develop a strategy that makes it clear that the long-term vision is one of a public TVET system that has credibility with employers and that is actively working to provide for current and future skills needs. In order to get to that vision, employers need to partner the colleges and help achieve a better focus on industry needs and better quality of provision. But they will not be forced to do this, and they will be able to work with private providers and train in-house and that they will be able to access funds to do so.

Recommendation: That future strategy is accompanied by a communications strategy that makes clear what is intended, particularly in relation to the intended role of public and private providers.

8.1.4 Costing options

Part of the process of planning should be to examine the costs of various programmes of work and to determine priorities. This evaluation has focused a lot of attention on artisan development. This is partly because artisans were an important focus of NSDSIII, but partly also because this programme puts into sharp focus the choices that need to be made. In prioritizing an extremely effective, but also very costly, objective for artisan development a choice is being made (consciously or unconsciously) not to do other things. Costing various options and examining the opportunity costs involved should be an important part of the planning process.

Recommendation: The strategy should determine priorities based on costed options. Decisions on priorities should be based on evidence in relation to projected costs, anticipated benefits and opportunity costs (i.e. the skills development interventions that will not be implemented if the available funds are spent in this way). The strategy should also inform the SLAs between the DHET and the SETAs and between DHET and the NSF.

8.1.5 Financial strategy

Overarching funding strategy

There was approximately R12.5 billion a year (it started as R8b and grew to R15b) to spend during the period 2011-2016. The current estimated income from the levy is that it will bring in R17 billion in 2018, and this will increase each year. Efforts are needed to ensure that as much of this money as possible is spent on skills development. In addition, it is suggested that careful thought be given to developing a financial strategy. Included in the strategy should be: a broad guide on how the funds should be allocated to achieve the strategy; detailed guidelines on what can be funded and what should not be funded from the 10% administration budget, from NSF funds and from discretionary funds; advice on how some of the funds can be allocated to multi-year projects without contravening PFMA prescripts or attracting an audit finding; advice on leveraging other funds – as for example practiced by the Jobs Fund; advice on how spending can be speeded up to avoid the build-up of reserves, or alternatively advice on how the reserves can be used to support skills development.

Recommendation: The national skills development strategy should be accompanied by a financial strategy that provides direction to stakeholders on how resources should be allocated to achieve maximum impact.

NSF funding strategy

This evaluation has come to some complicated conclusions related to the NSF. On the one hand during much of the period 2011-2016, there were weak monitoring and reporting arrangements. The NSF was unable to provide the level of detailed data that the SETAs and the DHET were eventually able to provide. On the other hand, it is clear that towards the end of the review period and since, capacity has been put in place that will position the NSF to continue to play a critical and important role in strategy implementation in the future. Whilst there are some concerns over efficiency and effectiveness the two biggest areas of concern are over relevance of programmes to NSDS, and sustainability. The following recommendations are intended to address these two issues.

Recommendation: There should be review of the priority programmes that the NSF commits to funding. This should be based not on general funding pressures that exist for government but on the legislated mandate of the NSF and in particular an analysis of NSDS and those outputs and outcomes of the strategy that are unlikely to be achieved through SETA funded programmes.

Recommendation. In reviewing the programmes to be funded by the NSF consideration should be given to the potential impact of reducing or withdrawing funding from programmes that are not strictly relevant to NSDS implementation, but which are nevertheless important within the broader PSET policy framework. Care should be taken to ensure that alternative sources of funding are found where NSF funds are redirected to other NSDS priorities. This is a major risk and needs to be managed carefully.

Recommendation: In redirecting funding particular attention should be given programmes for the unemployed and in particular the NEETs. Consideration should be given to prioritising programmes that offer modules of employable skills to unemployed young people. Artisan and learnership programmes are the ideal route for young people to enter the labour market, but they are resource intensive and therefore cannot be offered on a mass scale. Smaller units of

training that carry value in the labour market should be made available and be funded by the NSF.

Recommendation: Although the main focus of capacity building during the period since 2011 has mainly been the TVET colleges, the focus should now turn to community colleges and the funding of capacity to deliver to the skills needs of local communities.

Recommendation: The increased capacity in the NSF needs to be harnessed to work more closely with the rest of the skills system to implement NSDS. The additional capacity that has been built positions the NSF to play an increasingly important role in the achievement of the strategy. Monitoring as well as evaluation of NSF funded programmes should become a priority.

Consideration should be given to the governance and accountability mechanism for the NSF. With a suitable accounting authority, the NSF could play an even bigger role than it does in the funding of skills development and in overseeing spending within the skills system.

8.1.6 Levers, or instruments, of policy implementation

During NSDSIII the scarce skills list and the critical skills list became an important focus. Later the PIVOTAL list (full and part qualification programmes to address scarce and critical skills) became an important instrument to focus resources. The SETA Grant Regulations then required 80% of discretionary funds to be spent on PIVOTAL programmes. These were important policy levers that were effective in redirecting spending. However, as has been shown in the evaluation, they also resulted in unintended consequences, such as reducing the spending on ABE and community-based education and training.

There were various levers used to focus attention on learnerships and apprenticeships. These included the nationally determined artisan grant, and also the tax incentives worth R2 billion a year. These were powerful instruments of policy implementation.

In relation to youth there were targets set and the SLA consolidated these, and so the SLA was also an important lever.

On the other hand, the goals related to small businesses, cooperatives, the informal sector were lacking policy levers. In this context it is important to recognize that other departments and entities are driving strategies that impact on NSDS outcomes. For example, National Treasury tax incentives for learnerships and apprenticeships, DTI BEE scorecards in relation to supply chains and procurement, initiatives by the Department of Small Businesses, the Jobs Fund and a range of other initiatives are designed to promote small businesses. However, the precise manner in which skills development should support these was unclear.

The policy lever in relation to careers development was the requirement for SETAs to produce career guides. This was successful to a point, in that guides were produced, but the mechanism for enabling the content of these guides to inform skills development and career choices was absent and so the impact of careers work during NSDSIII was weak, as evidenced from the tracer study and employer survey. This is an example of efficient implementation and the achievement of a straightforward output, which in the end was ineffective because there was

no way of bringing it into the decision-making process of individuals navigating entry into the labour market.

Recommendation: During the planning of the next iteration of skills development strategy for each of the intended goals and outcomes there should be a description of the levers or instruments that will be put in place to enable the goals to be achieved. These should be developed in a process led by the DHET skills branch and involve the relevant stakeholder departments.

8.1.7 Role clarification

A key concern within the SETAs in relation to NSDSIII was that certain objectives were set out without clarifying who would take responsibility. There were a number of key tasks that were essential to the achievement of different goals. For example: a review of Nated and NCV curriculum content; the facilitating of a youth stakeholder engagement to clarify the skills development agenda for youth; an assessment of skills development in the public service. None of these important tasks were allocated to a specific branch or chief directorate within the Department and so they did not receive the attention they needed.

Recommendation: The Theory of Change for future strategy must set out clearly who will take lead responsibility for activities required to achieve outputs and outcomes.

8.1.8 Coordination structures

It has become clear during NSDSIII that the goals were not just ambitious but also complex to achieve. The complexity is caused by the fact that so much of what is planned, involves a wide range of different people, with different accountabilities and with different expectations and interests.

Recommendation: Where there is a complex goal, outcome or output in the strategy there should be a multi-stakeholder structure put in place whose composition is based on a careful stakeholder analysis. It is assumed that the Skills Branch will continue to be the custodian of the NSDS and its implementation and that the branch, with the support of the DG will lead the processes needed to establish these structures.

8.2 Governance and accountability

8.2.1 Simplification of structures

There are a large number of structures in the skills system that have dual accountabilities. This is because they either have a board or accounting authority and a legal status that sets them up as “independent” from the Department and Skills Branch. Included in this category are the SETAs and the QCTO. There are also structures that have no governance structures but are accountable to an accounting officer. This includes the National Skills Fund and the Human Resource Development Council that is accountable to the Director General of DHET and the Provincial Skills Development Forum that is accountable to the Office of the Premier. Then there are two structures that have overall accountability, Nedlac and the NSA. Nedlac is responsible for policy and NSA is responsible for advising the Minister on policy, strategy and

implementation challenges. There are occasions when the NSA and Nedlac, in spite of having the same stakeholders represented in the structures, come to different views, creating a situation where no single stakeholder perspective is achieved. With so many accountabilities it is not surprising that holding people to account is difficult.

Recommendation: The number of boards or accounting authorities should be reduced. Ideally there should be one accounting authority that has real power to hold skills development structures to account.

There should also be legislation to clarify exactly who is responsible for: allocating funds; ensuring legislative compliance; accounting for misuse of funds; accounting for poor performance; and what powers exist to ensure there are consequences for wrong doing.

8.3 Structuring of the skills system

8.3.1 Structure of the skills branch

The evaluation found that although there was an acknowledgement within DHET that NSDSIII was a significant change in strategy, and although National Treasury GTAC was asked to facilitate an organization development review of the Skills Branch, no structural changes were made. Essentially the same structures that oversaw and managed implementation of NSDSII were left unchanged to implement a dramatically different strategy.

Recommendation: Once the strategy post 2020 is agreed, the GTAC OD review report should be reviewed and efforts made to ensure that the structures put in place have the capacity to lead and manage implementation. It is particularly important that the skills branch should have improved research capacity, strengthened monitoring capacity and systems, the ability to "translate" research findings, increased brokering capability to forge the various policy alignments and partnerships needed to implement NSDS.

8.3.2 SETAs

8.3.2.1 Failure to address embedded structural challenges

There have been several proposals for structuring the sector skills structures to be more effective as implementation agents, removing their policy and accounting authority status and removing the dual accountability that creates so many problems in the skills system. One was the Skills System Review for the HRD Council that recommended the removal of boards and the creation of a single skills council. The second was a proposal to convert SETAs into advisory boards with the implementation structures accountable to the Department. Both failed to gain traction. One of the challenges is that stakeholder interests are deeply entrenched and the very structures that need to be changed are such that they can be mobilized to resist change. There is a need to find a process that enables stakeholders (government, organized business, organized labour) to explore options and reach agreement on a simpler and more accountable structure. Once agreement is reached the solution needs to be endorsed by cabinet and legislated.

Recommendation: That the Department facilitate, possibly with the assistance of the Presidency, an intense stakeholder engagement to broker agreement on the structure and accountability mechanisms for the skills system, so as to rationalize decision-making, reporting and governance. It is noted that there has been considerable discussion in this regard though the NEDLAC process; these views should be consolidated and considered taking into account the wider learning emerging from this evaluation.

8.3.2.2 A flexible and responsive skills system

The current SETA operational structures are sector based. There are sound arguments for adopting on the one hand a value chain approach to structuring the system and on the other an occupational approach. No single approach will be ideal across the entire economy and so flexibility is needed. The concentration of resources in Gauteng means that a disproportionate amount of attention is focused in the province. The systems put in place for the allocation of available funds lend themselves to the delivery of skills development to larger companies. Many of these companies would be doing training without SETA involvement and often spend much more than the levy amount of 1%. SETA structures are such that they are unable to redirect resources to where the strategy intends them to be directed. Measures put in place by the Department (scarce skills lists, PIVOTAL lists and Grant Regs) achieved some shift in resource allocation but this has largely benefitted larger companies or entities specifically targeting skills funds as a business opportunity. So, whilst there has been some success in targeting funds to scarce skills/ occupations in demand, this has further created a situation where smaller companies that do not claim grants are subsidizing the larger companies that do claim.

The challenge facing both the SETAs and the NSF in relation to driving skills development to support small, micro and emerging enterprises is that these interventions require a different set of skills within the skills system and then locating the resources where they are most needed. The brokering role being proposed for the SETAs requires a rethink in relation to structures, skills and personnel. People are needed who can work with small employers at local level and help put in place relevant and accessible interventions that complement and enhance the other support strategies and programmes that are put in place by other stakeholders.

Recommendation: There should be an organisation development review to determine how to restructure the skills system, build a set of structures aligned to strategy implementation and reallocate resources to where they are needed. This should not be viewed as closing down existing structures, but rather breaking down silos to create a more flexible and responsive system. This will involve a change in staff skills profiles but not necessarily major disruption, if it is handled carefully. Many of the staff in SETAs would welcome playing a more pro-active role in the economy.

8.3.2.2 Simplifying administrative systems

The challenges that the SETAs have faced have been in relation to smaller companies, unemployed youth, rural skills need, the informal sector and specialist groups such as people living with disabilities, the trade unions and cooperatives. SETAs have also struggled with occupations that are required in more than one sector. SETAs work in silos and it is difficult to

achieve coordination across SETAs. Some SETAs only fund programmes for which they have a quality assurance responsibility, whilst other SETAs fund any learning programme that is a skill need in their sector. Part of the reluctance of smaller employers to participate in skills development is the fact that each SETA has its own grant process that includes various approaches to workplace approvals and due diligence that individually create barriers and which when combined create an almost impenetrable obstacle. Something has to be done to simplify the processes and create an enabling framework for smaller businesses to participate.

Recommendation: facilitate the development of standardised grant application and approval processes, including a reduction and simplification of compliance requirements.

8.3.3 Capacitating the SETAs as intermediaries and brokers

One of the most common criticisms of the SETAs is that they adopt a bureaucratic approach and that their bureaucracy is a huge obstacle to participation levels in skills development, particularly participation from small and micro enterprises. Another is that they do not actively assist such enterprises when approached. Industry associations report that they encourage their member companies to engage in skills development but when the companies approach the SETAs there is no assistance provided. There is no "how can we assist?" or "let me walk you through the process…". SETAs advise on administrative processes and then reject applications from those who do not meet their requirements. It may not be possible to avoid a certain amount of bureaucracy, given the pressure to achieve clean audits (one of the successes of NSDSIII). However there needs to be a change in the role that most SETAs are playing. They need to change from being managers or administrators of grant application processes to one of being a proactive agent in the delivery of skills to the economy. The challenge is to transform the SETAs from focusing mainly on administration of grants to being drivers of strategy implementation. The following set of skills have been identified that could be developed if there is agreement on this.

- **Brokerage and partnering**: getting all the relevant actors around a negotiating table and making agreements to alter demand-side conditions – for example, employers' reluctance to employ first-time entrants into the labour market. In a number of programmes (TES, COS and others) effort put in at local level has resulted in employer commitments to employ apprentices, implement learnerships and provide work experience opportunities. SETAs need to have suitably skills people in localities able to do this work.

- **'Translation' work** – interpreting and analysing complex data and trends in the economy and Education and Training systems for use in planning, strategic decision-making, steering and 'visioning' the future of the sector.

- **Engaging the research-policy nexus** – strengthening abilities to use the results of well-executed research to inform policy, planning and implementation.

- **Understanding and managing the interface with the external environment** – learning how to strike training compacts with employers in the wider labour market. For example, negotiating commitments around a SIP project (see Medupi Case study) whereby skills development within the project not only meets immediate project needs

but looks longer term to the situation after the completion of the project to address future employment and the skills that will be needed. Much more funding and value could be leveraged from IDZs and SIPs if SETAs were playing a more interventionist, facilitating and brokering role. This requires industry knowledge and experience and well as strategic thinking and programme management skills.

- DHET and its proposed SPU should consider **using the new 'Senior Research Fellows' posts** in higher education (what are currently called SETA Research Chairs) to develop programmes **to train SETA and TVET staff in these areas.**

Recommendation: DHET skills branch to put in place a process to reposition the SETA structures to play the role of brokers, addressing location, capacity and skills needs to achieve this. Key functions that need to be strengthened include: monitoring, including data gathering and management; sector or industry experts; research and research translation; project management; brokering/facilitating (of partnerships and agreements).

8.3.4 Data management

It is highly problematic that SETA data still remains extremely poor, even after the review of NSDS II where this was one of the main problems highlighted - **especially exit data o**n completion and employment rates of beneficiaries in the system. It is critical to put in place:

- A simple database method of recording the contact details of all beneficiaries of training (especially the more complex multi-level and multi-year programmes) over the five-year period of the NSDS.
- Simple tracer studies – as was proposed in the LMIP **-** should become the norm in using the above data – to track graduates as they move into the workplace. This data is invaluable for the monitoring and evaluation of programmes over the five-year term of NSDS IV.

Recommendation: a project should be initiated by the Department and NSA to systematically address the data challenges within the skills system.

8.3.5 Skills Planning Unit

The work of this unit **should primarily be about understanding the demand-side**, derived from multiple research methods and data gathering techniques, and to draw attention to the way post-school institutions (like colleges or UoT) will need to respond to the changing world of work. The following should be key features of the construction and modus operandi of the SPU:

- The **mechanism for planning** should be a multi-source data collection process, which should be easy to use by the senior staff in SETAs and colleges.

- **The multiple-sources of data include**: qualitative sector studies; quantitative forecasting, especially in key sectors and occupational/professional fields; the developmental plans of government over the next decade or two, for example, the NDP; industrial policies of key sectors; understanding **the other supply-side**

conditions of the economy that are needed to be in place alongside demand – including the provision of key economic services by the SoEs (transport, logistics, energy; fibre optics), the building of new infrastructure, and the effective maintenance of old infrastructure; and finally, the economic and ET trends which might arise due to major disruptions such as the fourth industrial revolution.

- Planning in this context is about **understanding the big picture**, understanding how the two systems of (1) education and training, and (2) the economy, relate to each other in differing sectors and contexts. This **relational dynamic** is not about neat matches between demand and supply, nor do they entail neat sequential transitions from the one side to the other. It is a much more non-linear, discontinuous and disruptive process. Planning therefore, in this context, is complex and difficult.

- The SPU will need expert internal staff and highly flexible working relationships with research centres at universities.

- DHET and the SPU should consider a model of delegating some of this research responsibility over a minimum period of 5 years to: the proposed 'Senior Research Fellows' (as with the Research Chairs, funded by SETAs), the HSRC, good university-based VET research centres or private consultant companies – all under the steering control of the SPU.

Recommendation: work should start immediately to establish the Skills Planning Unit recommended by the LMIP. However, it is very important that the skills planning unit has the human and financial resources required for this important function.

8.4 Fit-for-purpose programmes

8.4.1 Approach to occupational qualifications

The LMIP research highlighted a growing international debate to the value of qualifications targeted at a particular occupation versus a broader technical or vocational programme that equips a person for a range of occupations. There is broad agreement that most of the traditional artisan trades require an apprenticeship programme that is specific to a particular occupation, but in occupations outside of the trades there is less consensus. There are those that argue that if standards could be raised and more effective practical training could be provided in a revised NCV then this would be a better option than going full out to deliver occupational programmes. It would seem that the policy is moving in the direction of occupational programmes, but this is not fully resolved as yet at a policy level.

There is a challenge that concerned most of those interviewed for this evaluation and that is the slow pace of qualification development within the QCTO. Much of the work of qualification development has been outsourced to SETAs to fund as Development Quality Partners (DQPs). Both SETAs and the QCTO have challenges in relation to industry input and managing stakeholder processes takes time. Internal capacity in the QCTO has been limited by funding challenges. There is also problem of only small numbers of specialists being deemed to be competent to develop qualifications and so there are bottle necks related to that.

There are also challenges emerging in relation to the workplace component of occupational qualifications. Although there is agreement that there should be a workplace component (this evaluation confirms the value and effectiveness of programmes that do include work experience), there is a concern that in rural areas there are few workplaces, and this could mean very few people from such areas being able to achieve success in these qualifications. Consideration is being given to the use of simulated practical work experience.

Whilst there is a general support for levy funds to be directed at programmes linked to qualifications on the NQF, there are concerns that this has disadvantaged certain NSDS III target groups. For example, the trade unions and cooperative movements seek programmes that address specific needs. These are not always addressed best in qualification linked programmes. The level 4 and level 5 trade union qualifications became operational between 2011 and 2016 but the take up has not been great for a variety of reasons including difficulties of shop stewards taking time off from work.

There is a need to review some of the practices being put in place by the QCTO. Considerable concern is being expressed over the processes and criteria being developed for approval of workplaces for locating learners in occupational programmes. The problem of identifying suitable workplaces for the work experience component of occupational programmes is a very serious one, especially in rural areas. Requirements are such that many smaller enterprises will be unable to participate and a further barrier that did not exist in learnerships is being created.

Further, there is a need to reflect on the learning contained in this evaluation report with respect to enabling increased numbers of women to both access programmes in fields that have traditionally been dominated by men.

Recommendation: the skills development strategy should focus primarily on occupational qualifications and programmes. An intervention is needed to unblock the QCTO processes and ensure that the required range of qualifications is available.

Recommendation: The QCTO needs to be given the necessary resources to operate effectively as the primary QA body in the skills development arena. If this means transferring functional QA units with staff and budgets to the QCTO this should be considered. It is the normal practice in government that where a function shifts it does so with the budget and this should apply in the case of QA functions transferring to SETAs.

Recommendation: The process of workplace approval should be revisited with the QCTO and industry representatives. There is a need for a flexible approach that enables smaller companies to participate.

Recommendation: there is a need to put in place a specific funded strategy for trade union education and training, with long term funding arrangements that enable the required capacity to be put in place.

Recommendation: that certain agreed programmes of education and training that are not qualification linked should be agreed for funding. In other words, although the rule should remain that funding goes to achieve qualifications there should be agreed exceptions; for

example, there is an agreement on the importance of work readiness, yet this should not be a qualification.

Recommendation: recruitment, selection and placement processes – particularly in fields that have been dominated by men – should be designed in a manner that actively seeks to increase the numbers of women that are both in the programmes and that are supported to find opportunities post programmes.

8.4.2 Role of TVET colleges

It is important to recognize the complexity of some of the policy dilemmas faced by the DHET in relation to the role of the colleges. There appears to be consensus that the focus of colleges should be the economy. This is an important change as in the more recent past they have been viewed mainly as offering a more technically orientated school leaver certificate (The NCV as opposed to the NSC). There was also a policy intention that they would provide a technical route into higher education level TVET programmes. The agreement that they should focus on the needs of industry and seek to address skills needs in the labour market is an important one.

There is less consensus over whether they should focus on a broad TVET qualification such as the NCV, or on revised Nated programmes, or on the emerging occupational qualifications being developed by the QCTO. The PSET plan indicates that there should be a mix and that where the NCV is having success these should be offered, and in other sectors – such as engineering – the colleges should only offer occupational programmes. This should ensure that the Programme Quality Mix addresses skills in demand.

There is agreement that colleges should develop capacity to deliver occupational programmes. Different models to address the costs and resources associated with the delivery of the occupational programmes should be considered. This includes the Centres of Specialisation (COS): there will be 26 COSs established for 13 priority trades by the end of 2018. It also includes the partnership model that has been developed through the manufacturing circle programme which has industry and colleges jointly offering certain programmes.

The decisions in this regard should take into account the reality that the colleges are already batting to maintain the expansion achieved from 400 000 in 2011 to 700 000 in 2016. Increasing occupational programme numbers, without finding additional funds for them – or in the absence of partnerships that could provide resources - could create a number of challenges.

Challenges that need to be addressed include: the need to expand the number of lecturers/facilitators who have relevant occupational qualifications; sorting out what is funded from voted funds and what is funded from the skills levy and how the two sources of funding can be brought together to fund a person for the college-based and workplace-based components simultaneously; workshops that are up to date in terms of current occupational practice; adequate workplaces to enable all learners in a programme to have appropriate work exposure; this also implies the building of workplace capacity particularly in smaller enterprises; the development of delivery models that are flexible and allow a reasonable level of integration of theory and practice. None of these are easy issues for colleges or the

Department. The challenges do not only involve significant cost, but they involve major change in the way things are done in the colleges. Employers want to feel they are valued clients and partners of their chosen training providers and this is not currently how they feel they are treated. There are also industrial relations and financial management issues that need to be addressed if these changes are to come about. These are not small issues and will take time to address.

Recommendation: Detailed and costed planning should be undertaken so that realistic targets are set for occupational programmes delivered by the public TVET colleges. In the meantime, consideration should be given to establishing public private partnerships and to harnessing the capacity of employers' private providers to facilitate practical training.

8.4.3 Role of UoTs

The UOTs have a critical role to play in TVET and skills development and yet the relationship between UOTs and SETAs is very limited. Just as TVET colleges were for a long time ignored by SETAs and the NSF in the delivery of FE level skills, so too have the UOTs been largely bi-passed by SETAs and the NSF in the delivery of level 5 to 7 qualifications. It is important that an appropriate relationship is built between the UOTs and the SETAs, and between TVET colleges and UOTs and to examine where there can be joint work to address higher level TVET skills needs. It is important to note that UOTs have a wider remit than the economy and that needs to be understood. The interface between the UOTs and the SETAs needs to be around the skills pipeline to the economy.

Ramping up TVET requires attention to be given to the pipeline from lower to higher levels of TVET. There are challenges in relation to the NQF Act of 2008, which established three semi-autonomous sub-frameworks for HE, General and Further Education and Training and Occupational qualifications. Given the changes that are happening in manufacturing and production resulting from new technology the skills required of workers are being changed all the time. It is important that in ramping up TVET provision attention is given to programmes in colleges leading to further TVET programmes in UOTs. There are some examples of effective collaboration between some TVET colleges and some UOTs, and these need to be built on and expanded.

This is not primarily an issue for the NQF institutions (SAQA, Umalusi and QCTO). At a policy level there is a need to define more clearly what is expected of schools, technical schools, TVET colleges, UOTs - and to more clearly articulate the TVET pipeline - and then put in place structures, partnership arrangements and systems that will enable the TVET system to function effectively.

Recommendation: a joint project should be established between the TVET, HE and Skills Branch to develop an approach to engaging the UOTs on partnerships, expanded workplace learning, articulation and progression.

8.4.4 Employer in-house training and private providers

It is essential to mobilise, and make use of, all available skills development resources to support NSDS implementation. Efforts should be made to define more clearly the role of private

education and training providers both in terms of addressing gaps and weaknesses in public TVET provision and in supporting and strengthening public provision through PPPs. The following should be considered:

- PPPs. Large private corporations and large public entities (SoEs) are well resourced institutions, most with in-house training academies with excellent workshops, skilled technical training staff, state of the art equipment and surplus capacity. These lead actors should collaborate with each other and work with public ET institutions and SETAs in a **joint public-private compact to ramp-up skill capabilities in SA**.
- Brokerage will be required to set up these training compacts. This is a key role of the skills system institutions.
- This kind of joint initiative will help win back the trust from business that public institutions want to provide high quality training to private companies across the economy.

Recommendation: in developing the future skills strategy attention should be paid to spelling out the expected role of the private sector and of public private partnerships in the delivery of skills for the economy.

8.4.5 The public service

Considerable progress has been made in linking the skills development to the public service. The decision (implemented in 2013/14) to transfer 30% of ring-fenced funds to public service SETAs has created conditions for SETAs to play a key role in the process of building a capable and developmental state. The funding challenge has not been fully resolved as not all departments pay, and not all departments that do pay, pay on time, with many leaving payment to the end of the year when the money should have been spent. However, the signs are that a major shift has taken place and some of the SETAs now have important resources with which to address skills needs in the public service.

There are many examples of important work that has been done to open up the public service as a training space. There are also examples of critical skills shortages being addressed in a systematic manner.

However there remain challenges. The various SETAs that work with the public service have to contend with HR policies that (for example) make the employment of interns after completion of studies difficult. Considerable efforts are being made - within the DPSA, within line departments, within the PSETA and within SETAs linked to departments with large workforces – to overcome the challenges and agree joint programmes of work. Projects are identified that make a difference and add value. However, the skills structures and ongoing funding challenges militate against achieving NSDS outcomes.

Recommendation: that DHET and DPSA should put in place a review of the skills development structures, processes and funding for skill development in the public service.

8.4.6 Improving the efficacy of programmes

There is growing evidence that programmes registered with, and funded by, the SETAs are more likely to achieve good results than others, and that certain types of qualification work

better than others. Where programmes are designed to meet specific industry need the absorption rate is much better. Some programmes that do not address specific need (but may address targets) often result in graduates not finding employment or not finding employment in the occupations they trained for. Geographical location also plays a role.

Recommendation: that SETAs be required to conduct tracer studies and that they explore the factors (both positive and negative) that impact on those trained in the sector finding employment. Agreement should be brokered in the sector on the programmes that are most likely to result in speedy absorption into available jobs.

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Appendix 1: Glossary of Concepts

CONCEPTS LINKED TO SKILLS DEVELOPMENT

1. ***Skills Development:*** The Skills Development Act (1997) defines skills development as a process which empowers the workforce with skills to make them more productive; ensures employees have access to more opportunities for skill acquisition; creates the space for the new entrants into the labour market to gain work experience; and introduces transformative education and training interventions to redress unfair discrimination practises in the labour market.
2. ***Apprenticeship*** is a combination of on-the-job training and related classroom instruction under the supervision of an experienced artisan in which workers learn the practical and theoretical aspects of a highly skilled occupation. It is also comprising a legal contract with an employer who will employ and support the apprentice through the years of on-the-job training. And finally, it involves the apprentice undergoing a trade test where after he/she is then certified as a **qualified artisan**.
3. ***The levy-grant system*** was introduced by 1998 legislation to encourage skills development. It is a levy imposed on all employers with a payroll larger than R500 000 per annum. The funds are paid to the South African Revenue Service (SARS). SARS then distributes the levy to the SETAs according to the following formula: 20% goes to the National Skills Fund; 10.5% toward SETA administrative costs; 0.5% is allocated to the Quality Council for Trades and Occupation (QCTO) for quality assurance; 20% is dispersed back to compliant and participating employers (Mandatory Grant) and 49% is reserved as a Discretionary Grants (and which have been used in NSDS 111 mainly to promote PIVOTAL programmes).
4. **Career pathing** is the process used by an employer and employee to chart a formal and structured course within an organization for his or her career development. The employee may move vertically up the occupational ladder but can also move laterally or cross-functionally to different types of activity at the same level, becoming a well-rounded employee.
5. ***NATED certificates:*** National Accredited Technical Education Diploma (**NATED**) certificates span from N1 to N6 with N3 equivalent to the Grade 12 exit point from secondary education. Their duration differs, from one year to complete N1 - N3 in Engineering Studies, another year to complete N4 - N6 in Engineering Studies, to three years for N4-N6 in Business Studies (18 months theoretical studies plus 18 months' workplace application). The N1-N3 is usually the theoretical foundation for an apprenticeship and they are offered either by a public TVET College or an accredited private provider.
6. ***National Certificate Vocational (NCV***): The NCV gives Grade 9 learners a vocational alternative to an academic Grade 10-12 by offering industry-focused training on the NQF Levels 2-4 in TVET Colleges. These three-year qualifications are designed to provide both theory and practice. The practical component of study may be offered in a real workplace environment or in a simulated workplace environment. The NCV is offered in 14 vocational fields including engineering, business, education, hospitality, primary agriculture and tourism.
7. ***Occupational Programmes are*** programmes of study consisting of one or more courses designed to provide the student with sufficient knowledge and skills to perform

in a specific occupation. They also emphasise work-based learning comprising extensive practical training and exposure to the world of work. Best examples of occupational programmes include the apprenticeship system and learnerships. A central brief of the Quality Council for Trades and Occupations (QCTO) is develop a range of new occupational programmes, many at NQF Levels 4 to 6.

8. ***PIVOTAL programmes*** can be defined as professional, vocational, technical and academic learning programmes that result in qualifications or part-qualifications on the National Qualifications Framework that address critical and scarce skills needs. *Professional* learning programmes are programmes that lead to designations that are registered by professional bodies. *Vocational* learning programmes refer to NATED and artisanal programmes that lead to a trade and/or the National Certificate Vocational (NCV). *Technical* learning programmes are programmes that are occupationally-directed and registered by the SETA including apprenticeships, learnerships and skills programmes. *Academic learning programmes* lead to academic qualifications such as certificates, Higher Certificates, Diplomas and Degrees.

EDUCATION AND TRAINING CONCEPTS

9. ***The post-school education and training (PSET) sector*** refers to all learning and teaching that happens after school – that is, post NQF Level 4 (Grade12). This includes private, public, formal and informal training. However, Grades 10-12 can be completed in TVET colleges, and students can continue studying in these institutions beyond NQF Level 4 to undertake a limited range of NQF level 5 and 6 programmes. TVET colleges therefore span both the schooling and post-schooling systems – a critically important role for developing intermediate-skilled labour.
10. ***Secondary and tertiary TVET:*** The college system offers Technical and Vocational Education and Training (TVET) programmes. There are two components of TVET – one is ***Secondary TVET*** that comprises NQF Levels 2-4 (Grades 10-12). The other category is ***Tertiary TVET*** and it comprises post-school but pre-degree provision – that is NQF Levels 5 and 6 certificates and diplomas. Tertiary TVET is critical to the development of intermediate- and high-skilled labour.
11. ***Entry-level skills:*** These refer to training programmes which are offered to employees at NQF levels 1-3 – often in basic skills such as languages and literacy. They are offered to adult workers who either did not complete schooling or whose capabilities in mathematics and literacy are insufficient for the demands of the workplace.
12. ***Intermediate skills:*** Intermediate skills are those that are on offer at the NQF levels 4-6. They include apprenticeship programmes, learnerships and many TVET college and University of Technology (UoT) qualifications. Intermediate skilling is a critical requirement for a well-functioning modern economy, not only in manufacturing but also in the services and other economic sectors.
13. ***High-skills*** refer largely to degree-based qualifications offered by universities. The current drive to become a 'knowledge economy' across the globe is dependent on ramping up the number of working citizens who have intermediate and high skills.
14. ***Polytechnic provision:*** In many parts of the world, polytechnic education refers to institutions which specialise in engineering, technology and applied sciences – as was the case with South Africa's former Technikons and the current six Universities of Technology. These institutions offer courses which combine theory, practical training and exposure to the world of work. Polytechnics work in close cooperation with industry

and the state in developing intermediate to high-skilled graduates in high demand in an expanding economy.

15. ***Work-integrated learning (WIL):*** The term WIL describes an approach to career-focussed education that includes classroom-based and workplace-based forms of learning that are appropriate for the professional qualification. WIL is primarily intended to enhance student learning. It is a curricula and pedagogic method of integrating formal learning and workplace exposure. Innovative assessment forms including: action-learning, apprenticeships, cooperative education, experiential learning, practicum placements, problem-based learning and workplace learning. All are based on a common understanding of the importance of enabling students to integrate theoretical knowledge gained through formal study, with the practice-based knowledge gained through immersion in a work or professional context.
16. ***Community Colleges:*** Currently, community colleges refer to the merging of all 3250 Public Adult Learning Centres (PALC) nationally into one Administrative Community Learning Centre per Province regulated nationally as is the case with TVET Colleges. These embryonic institutions will eventually grow into fully fledged community colleges where the central focus will be post-school institutions offering formal qualifications and non-formal courses aimed at serving the local community's (often non-formal) educational needs. They usually have some degree of open access and remedial courses for those who dropped out of or did not succeed in the school system. Proponents of community-based education colleges argue that students will be more interested in the subjects and concepts being taught, and they will be more inspired to learn, if academic study is connected to concepts, issues, and contexts that are more familiar, understandable, accessible, or personally relevant to them.
17. ***Articulation***: Articulation is a concept related to how flexibly the whole system of post-school education and training (PSET) functions, particularly the movement of students between differing sub-systems of the larger PSET system, for example, from the TVET Colleges into the Universities of Technology. In South Africa, a key articulation principle is for the PSET system to possess sufficient flexibility to facilitate the migration of learners, especially those who remain significantly disadvantaged through deeply embedded inequalities of opportunity. Globally, more equitable ET systems are based on the idea that every person has the right to access and engage in any form of learning suited to his/her personal, economic and community needs. Most articulation mechanisms are based on formal and informal institutional agreements between provider institutions to enable migration of learners. However, it also requires programmatic and curriculum articulation – for the learner to move from one level of learning to a higher level. Some of the mechanisms used to promote articulation include recognition of prior learning (RPL), credit accumulation and transfer schemes (CAT), and career and learning pathway planning.
18. ***Progression*** is a concept internal to curriculum development and assessment policy whereas articulation is largely a system concept, defining how learners move from one part of the education system to another. Progression refers to the purposeful sequencing of teaching and learning in curricula across multiple developmental stages, ages and grade levels. It is a more limited version of articulation as it refers to the education journey that learners take from basic to more advanced skills. Progression, as with articulation, are both concerned about the rules and requirements for learner mobility from one level of competence to more advanced levels.

CONCEPTS LINKED TO GOVERNANCE, THE ROLE OF THE STATE AND MARKET

19. ***Demand-led provision:*** A demand-led approach to skills development is one driven by a clear and highly responsive sense of the skill needs of an expanding economy (current needs, but more importantly, also future needs) and the specific requirements of employers. Skills development organisations will need to mobilise strong employer buy-in for the skills system. They need to get closer to employers by understanding their labour market requirements and the type of recruits they need. The demand-side is better managed with strong relations of trust between employers, government and skills providers. However, 'demand' is not a static condition of a market functioning in perfect equilibrium and where the views of employers is the only input into training. On the contrary, 'demand' arises from the choice's employers make about product market, product strategy and technology, and how they choose to deploy and utilise skilled workers. These choices can be changed. For example, South African employers tend to hold pejorative views of young first-time entrants into the labour market and prefer to employ more experienced workers. However, labour market intermediaries have been very effective globally and in South Africa in changing these employer views by offering 'workplace socialisation' services which help young people adapt to employer requirements for employment – through training, mentoring and offering after-care services. All of these dynamics comprise a complex 'demand-side'.
20. ***Supply-side provision:*** A supply-side approach to skills development is the exact opposite of a demand-led strategy. Skills development policy in South Africa is largely supply-side driven (even though the rhetoric of official policy seeks to build a demand-led system). Skills policies in this approach have focused primarily upon boosting the supply of education and skills through publicly-funded investments as a route to competitiveness and productivity growth, as well as social inclusion and social mobility. The supply-side logic of this approach is flawed – a workforce increasingly educated and skilled does not necessarily lead to higher productivity levels, increased employment and economic growth. Such a shift up the value chain to adopt higher value-added, higher productivity and higher skill production strategies does not automatically occur simply because skill levels have been increased. Consensus in the skills literature today suggests that such a supply-side focus is insufficient. It needs to be complemented and led by a demand-side focus.
21. ***A developmental state:*** Historically, the idea a 'developmental state' generally refers to the model many of the East Asian nations pursued after the Second World War to rapidly modernise their economies. In these countries, the state set specific development goals and then single-mindedly mobilised society to achieve industrial modernisation. Key development and redistribution issues are not left to the whims of the so-called free market but are decided by a more interventionist state. It is highly dependent on a strong and capable public service using state-owned enterprises to effectively drive strategic investment initiatives. In a democracy, a developmental state would need to balance economic growth with social inclusion and development.
22. **Intermediaries** are public or private organisations that play an interlocutor role between two or more negotiating bodies. Often it is the state and employers who are struggling to find each other, see eye-to-eye and make agreements. Intermediaries often assist this process by having the expertise and ability to broker deals between these actors, often around a negotiating table, which lead to concrete programmes of action – training in this case.

23. '**Brokerage'** is defined as the process of connecting actors (previously unconnected to each other) in systems of social, economic or political relations in order to facilitate access to valued resources. In addition, brokers help goods, information, opportunities, or knowledge flow across 'gaps'. Brokers can also be 'catalysts' in the sense that they alter and increase the rate of interaction among actors who normally do not connect with each other in standard market relations.

24. ***Private providers:*** These providers have grown significantly across the globe in the TVET and HE space. In many post-school systems, the private component is now bigger than the public system. Many private providers offer excellent services of high quality, but governments worldwide seek to regulate the private provider sector to curb abuses and poor-quality provision. In all skills development and post-school systems, a healthy balance is required between the public and private systems.

25. ***Public-Private Partnerships (PPPs):*** One mechanism to establish an appropriate balance between private and public provision is through PPPs. Some have been established in South Africa, for example between leading multinational companies and TVET colleges, or between state-owned enterprises and Universities of Technology. Such partnerships are good for skills development because the lead firms bring superior workshops and laboratories intro the partnership. TVET colleges or universities of technology would not be able to afford the state-of-the-art workshops that lead multinationals or state-owned enterprises set up for their own use.

26. ***Compliance***: 'Compliance' is an approach to state governance, driven by the straightjacket of financial regulation, where the emphasis in provision is narrowed down to deliver services based on what the financial regulation prescripts demand – which are often quantitative performance targets set out by government programmes. Such compliance is an overly-legalistic reading of what a state must do – crudely interpreted by providers as the need to please the state auditors – whilst the complexities of ramping-up delivery and improving performance are not dealt with in any depth by more flexible and creative methods of regulation. In South Africa, state financial compliance has had many unintended consequences, with corruption not being controlled, but with creativity, innovation and flexibility in programme delivery being stifled.

27. ***Silo's:*** One of the biggest problems in government attempts to coordinate multi-faceted issues and problems is the 'silo effect' – individual government departments becoming overly focused on the delivery of their specific service mandate at the expense of attention being given to the inter-dependencies between that mandate and other areas of social or economic policy. Such departments usually adopt a territorial or protective stance towards their demarcated piece of social or economic delivery, disallowing other departments to have a 'voice' on the issue. Many big and complex social problems are therefore never resolved because they rely on several simultaneous interventions and triggers across several government departments (but who do not cooperate). The lack of alignment between skills development policy and industrial policy is a prime example of this silo effect.

CONCEPTS LINKED OT THE ECONOMY

28. **SMMEs** (small, medium and micro-enterprises) is in reality a broad categorisation of firms in the formal and informal economies who employ less than 100 employees. The Small Business Development Act of 2004 defines 4 categories within the SMME band: Survivalist enterprises earn less that the value added tax registration limit of R150, 000

per year. **These informal firms** lack formality in terms of registration and payment of tax. They include spaza shops, minibus taxis and household industries. They employ no more than 5 people. Very small enterprises operate in the formal market and employ fewer than 10 paid employees. Small enterprises employ up to 50 employees and are more sophisticated in terms of complex business practices. Medium enterprises employ up to 100 employees. Most firms in the first three categories **do not participate in the skills system** because their total payroll is less than R500 000 per annum.

29. ***Cooperatives*** exist in both the formal and informal economy in South Africa. A **cooperative** is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs through a jointly-owned and democratically-controlled enterprise. Government and the trade unions seeks to support cooperatives amongst workers in the informal, rural and marginalised sectors of the economy. Support services include education and training, business advisory services and access to loans.

30. ***Alignment to industrial policy***: NSDS III emphasised the need for skills polices to be aligned to industrial policies. Such alignment is critical because of the **multiple inter-dependencies** affecting the health of a particular economic sector. Skills improvement in that sector, acting on its own, will have little or no impact on that sectoral economy without a basket of other **complementary industrial changes taking place** – for example, employers consciously making choices to move up the value change to higher valued-added products, making use of modern technologies, acquiring incentives from government to grow the sectoral economy and export their products.

CONCEPT LINKED TO SKILLS RESEARCH AND PLANNING

31. ***Manpower planning*** was an econometric forecasting methodology popular among Western development agencies in the 1970s and 1980s which sought to accurately predict current and future skills demands and the supply-side matching required. The method was critiqued in the 1990s because it ignored the wider social and structural context in which human capital emerges and the complexities of determining education's impact on the economy. It assumes a highly simplistic correlation between increased investments in education leading to equivalent improvements in the economy. Nonetheless, econometric analyses of the labour market have continued to be a component of contemporary labour market planning processes, but alongside other methodologies such as qualitative studies of specific social contexts, for example, the demise of apprenticeship in various branches of manufacturing. Modern planning methodologies, particularly in development states and coordinated market economies, use a wide range of instruments to understand trends in the labour market.

32. ***Graduate Destination Studies*** are a crucial means of assessing the effectiveness of education and training interventions. These surveys trace the pathway a graduate traverses from embarking on further studies, to completion of such study, to employment. These studies provide a proxy for employment rates in key segments of the economy, as well as providing a signal of the effectiveness of particular institutions in preparing graduates for work. These tracer studies are different from **throughout studies** because they focus only on successful graduates and usually do not look at the pathways of students who drop out or fail in their studies. Throughput studies start with the full cohort who registered at the launch of the educational programme and determine the number of students who then complete the programme in the minimum

number of years. They are an effective means of determining the efficiency of institutions. For example, of the 2000 total university cohort in South Africa, only 50 percent had completed their three-year degrees after five years. This statistic flags a highly inefficient higher education system.

Appendix 2: Case study Summary

Institutional Mechanism: improved supply and demand research to inform planning	
Research Chair partnerships	▪ Focus: Evaluating five of a total of at least 20 Research Chair Partnerships funded by SETAs ▪ Findings: a big increase in number of Masters and Doctoral bursaries in VET studies; positive feedback that VET research at universities now getting the attention it deserves ▪ Challenges: the title Research Chair is a problem with NRF; also, clarity needed on promoting research and not short-term consultancy work
LMIP summary	▪ Focus: evaluate the impact of the R70 million spent by DHET ▪ Findings: the evaluation of LMIP concluded that it displayed a high degree of relevance and was received as such by stakeholders; the LMIP was evaluated to only have partially met its skills forecasting and research capacity building objectives.
Quality Sector Skills Plans	▪ Focus: what has been done to improve SSP quality? ▪ Findings: a good deal has been done and the quality has improved ▪ Learnings: Priority attention to quality plans- made a difference; specific actionable feedback to SETAs was acted on; good practice was highlighted – e.g. around current economic and industry data and all SETAs improved in this area.
Career Guides	▪ Focus: the extent to which Goal 4.8 was achieved ▪ Findings: All SETAs have produced guides. The career guides provide technical information based on labour market data. Careers paths can be tracked along qualifications pathways. SETAs have organised a wider range of career guidance activities, Such as exhibitions, workshops, seminars, outreach, roadshows, summits, conferences, colloquia, imbizos, career expos, collaboration with colleges, one-on-one meetings and campaigns. ▪ Learnings: SETAs met the first output under the goal 4.8, but the study states that the second output of goal 4.8 is more vague to pin down.

Vignette	▪ **FPMSETA Research Chair – A PhD student perspective**; Seen positively in terms of generous bursary support. Limits of the partnership: (1) the FPM SETA felt that the partnership was not addressing the challenges of the firms in the SETAs; (2) From REAL's perspective, the SETA expected PhDs to be completed in 3 years – which is an unrealistic requirement' (3) On the part of the students, the limited interaction with firms hindering their ability to align and sharpen their analysis in relation to the realities of the industry.
Lower and middle level programmes and TVET College capacity	
TVET Colleges	▪ Focus: Undertook 4 college case studies – evidence of progress towards NSDS goals & pockets of credible programme delivery and partnerships. ▪ Problems: Occupational programme delivery operates separately from Ministerial programmes. Both programme types must be seen as core college business; relations between Skills and TVET Branches within DHET continue to be a problem - too insular. ▪ The challenges in TVET colleges very great: low levels of funding; outdated curriculum; poor lecturer capacity; weak industry linkages; pressure to expand numbers in NCV and Nated progs. ▪ Many important initiatives: turnaround strategy; function shift; recapitalization; lecturer development, COS etc. ▪ Examples of good progress being made; patchy and inconsistent; 20 000 people in occupational programmes (out of 700 000 total)
Artisan development	▪ Artisan development has been a big success story in NSDSIII. ▪ The target of 10 000 a year has been exceeded by over 50%. But the training costs a great deal and low throughput and pass rates mean huge wastage. TVET colleges are now playing a substantial role in artisan development. ▪ Most who qualify get jobs or can earn a living ▪ Lessons: Identify priorities and promote them; a project approach works; employer role critical; must attend to whole pipeline to improve throughput and pass rates.
Private providers	▪ Focus: Private provision assumed to be affected strongly since 2009 by Minister's desire to restrict significant funds going to private providers rather than public training entities. This evaluation sought to measure the impact on private providers. ▪ Findings: (1) Private providers have adapted strategy and now focus more on business organisational development and not merely training. (2) the registration of private providers is still an issue, although

	determined efforts by DHET are in place to finalise the system of registration.
Vignettes	▪ Meadow Feeds Paarl: An Agri-sector animal feeds company. Trains 3-4 artisans a year (fitters and turners, electricians, millrights. Trains for own needs; good relationship with Northlink TVET College. ▪ Chieta skills centre: 2013 partnership between Chieta and PG Glass resulted in the centre training local youth in occupational skills needed in glassmaking. Employers lead; learners get work experience; most are employed on completion. ▪ FASSET-TVET Graduates: The prime purpose of the project was to assist students who have completed their N6 theory component at TVET colleges to do their 18-month practical. Since the inception of the programme between 300 and 480 students were funded per year. Students were recruited from financial management, business management, marketing management, HR management, and management assistant, from N4 to N6. The number of participating companies has increased over the years. The programme would previously partner with six companies and that has increased to 30 companies which has shown interest.
Higher level programmes and HE partnerships	
Post Graduate programmes	▪ Focus: SETA-HE partnerships to support post-grad programmes ▪ Findings: Effective and mutually beneficial partnerships and relationships are in place - particularly in the formation of over 20 research chairs; Focused strategic programmes that are sector and scarce- and critical-skill relevant. Large number of bursaries as well as research infrastructure. ▪ Limits: Mechanisms to increase the placement of graduates in places of academic work needed; partnerships with previously disadvantaged universities is poor.

R&D in Forestry industry	▪ Focus: Paper examines AgriSETA and FPMSETA initiatives in HE. ▪ Findings: AgriSETA provided significant support across post-school system – a total of 13,647 learners were enrolled whilst 11,275 learners were certificated. To remedy to the collapse of Agricultural colleges the AgriSETA allocated a sum of R6 million. Also, AgriSETA scholarships were awarded to 10 Extension Officers, studying B Agric Hon at the University of Pretoria. ▪ The FMPSETA set up Centers of Excellence at the DUT and CPUT focusing on clothing, textiles and design. ▪ These have all been important to support R&D capabilities in Agriculture and fibre beneficiation. ▪ Challenges: There are pipeline blockages that prevent learners from completing their study programmes.
The demise of TVET in higher education	▪ Focus: demise of an applied technological or 'polytechnic' education in SA's universities of technology ▪ Findings: This demise comes as tertiary TVET provision (NQF levels 5 and 6) has become more important now than ever before. The shift to tertiary TVET is a response to the demand for higher-order applied skills which only a degree-awarding polytechnic sector can provide. This shift witnesses an end to the prioritization of secondary TVET at the school and college levels. ▪ Data on SA UoT sector suggests a sector which is relatively stagnant with slow growth rates in key tertiary TVET areas. Given this slow growth, South Africa will not be able to ramp-up its provision of tertiary TVET as has occurred elsewhere
Programmes targeting youth: literacy, work experience and employability	
Programmes targeting youth	▪ Focus: on two case studies: the Eskom, Siemens and HWSETA's safety, health, environment, risk management and quality (SHERQ) project, and the Monyetla Work Readiness call centre Programme. ▪ Findings: Several success factors which offer potential for replicability. These being: (1) Work-based learning; (2) Effective public-private mutually beneficial partnerships; (3) Passionate and committed individuals to drive through projects; (4) Programme sustainability and scalability ▪ Challenges: employers favour employing those with work experience; also, rural versus urban location an issue - with youth living outside centres of economic activity finding it more of struggle to seek and retain employment

Vignettes	▪ **Fasset TVET college graduate internships**. TVET college Business Management Nated programme. Fasset funded large companies such as Deloitte and KPMG to take graduates for 18 months. Exposed to a variety of high-level work ▪ **Tshepo 1 Million**: providing internships, skills training and entrepreneurship support to a million young people, Tshepo 1 million is a major provincial programme supporting NSDS goals. The linkages with the skills system are not strong and it shows the challenges that exist in cross sector or provincial projects. ▪ **Linking training to EPWP.** The George Eco-furniture project run by SANPARKS money to use alien wood to build schools desks and chairs. Excellent conception of a project, but not commercially viable as currently run. ▪ **War on Leaks**: The War on Leaks programme was launched in 2015 by the Department of Water and Sanitation in collaboration with Rand Water, aimed at assisting municipalities with fixing water leaks through essential skills of artisans, water agents and plumbers of unemployed South African youth. The Project was targeted at training 15 000 youth over a period of five years across three training disciplines through the EWSETA. Phase 1 was highly successful whilst phase 2 proved problematic.
Improved industry and company competitiveness	
Employed worker training	▪ Focus: case study of FASSET and the financial sector, and specifically, the training provided in three financial firms – one large, one medium sized, and the third a small business. A private training provider was also case studied. ▪ Findings and challenges: (1)training of employed workers the most neglected area in the skills system – know little about what training takes place and its impact (2) training of employed workers should become a more strategic component of firm's business strategies.
Vignettes	▪ **TETA artisan RPL programme**. 270 workers - Welder; Boilermaker; Fitter; Fitter & Turner; Electrician; Electric Fitter, Spray-Painter, Vehicle Body Builder, Refrigeration Mechanics & Spray-Painter. 97% pass rate.
Small enterprises, community based and rural skills development	

Services SETA SME support	▪ SSETA has spent many hundreds of millions on New Venture Creation learnerships and other interventions to support the establishment of small businesses ▪ Limited evidence of achieving sustainable enterprises. ▪ Conclusion: training programmes are not sufficient to determine business sustainability. This requires access to finance; stronger linkages to industry to ensure content relevance and access to placements, as well as integrating entrepreneurship modules into a number of programmes. ▪ SSETA has committed R1.5 billion to developing a small enterprise academy.
Community Partnerships	▪ Two case studies have been identified – one SETA funded, the other funded by other sources ▪ The Fasset 'Work-Based Experience' project - established to equip students with N6 Certificates with work based practical experience and also to build the capacity of the TVET colleges as partners with SETAs and employer and private providers. 106 students were tracked to provide feedback on the project by Fasset. It was found that 69% of the students were employedThe 'Amanzi for Food' project - a collaboration between the Water Research Commission, Rhodes University, an agricultural college and NGOs – helped rural people harvest rainwater and improve food security in these poor communities and developed pedagogic skills of college lecturers. Won NGO project of the year award in 2017.
Vignettes	▪ **Bakgatla Ba Kgafela Media Centre**. With few rurally based media employers this is a project initiated by a committed industry trainer. MICT SETA funds programmes on video editing, studio management, video production and camera operation at NQF level 4. Many of those trained obtained work but not locally. They obtained work in Gauteng where the employers are located. ▪ **Sew Southern Africa**. FPM SETA funded a programme for unemployed rural women to learn to sew garments. The programme was well received but none of those trained were able to obtain work or earn a livelihood. There is a need for training to be linked to income generating work and support measures for emerging enterprises. Training in itself is not enough.
A more capable and developmental state	

Public service	▪ There is evidence of a seemingly large amount of training that has been funded or facilitated between 2011 and 2016. The percentage spent of the 1% ring-fenced for training in the public service over the five-year period is averaging at 50%. Over the five years, of the R1.847 trillion salaries budget, R9.528 billion was spent. However, this does not include the 30% that was potentially transferred to line department SETAs from 2013/14. ▪ A number of SETAs working in the public service sector have conducted impact studies and tracer studies, including ETDP SETA and H&W SETA, and the findings are generally positive in relation to impact on the individuals and the workplace. ▪ The public service has contributed to achieving some of the NSDS III outputs that are not specific to the public service. For example, there is an output that seeks to expand workplace learning, and another to assist graduates with work experience. ▪ However, the period 2011-2016 was one of many changes in the public service and given these, it is too early to discuss the extent to which the goal of building a capable and development state has been achieved.
Skills development in State Owned Enterprises	▪ Eskom: used to train up to 10 000 people each year, mainly artisans. This has reduced to 500 a year. With the Eskom Training Academy and 400 sites this is an under-utilisation of resources ▪ R33b wage bill. R300m to EWSETA. Eskom would like to see this money used better to expand its role in training. ▪ On the other hand, historically, Eskom employed 100% of those trained. In recent years cost cutting has meant only 50% absorption.
SIPS: Medupi-Lephalale	▪ Eskom developed a comprehensive plan for skills linked to Medupi: 3000 artisans; the establishment of a training centre on the TVET college site, funded by Marion Roberts; employment of those trained in Medupi; obligations on contractors to train and employ; stakeholder partnerships. ▪ By 2015 400 were trained and qualified as artisans: welders, pipe fitters, fitters, riggers; steel erectors and boilermakers. 714 by 2018. Many more trained in shorter programmes at the college and in the centre. ▪ Some challenges in formalizing centre's absorption into the college. Employment not tracked – belief that most of those trained were employed but no records.
Brokering role of SETAs	▪ Focus: brokerage role as an intermediary between training providers and employers ▪ Findings: to do brokerage successfully, SETAs will require a whole new set of skills: (1)labour market research; (2) Sector 'embedded' expertise; (4) Leaders who can cross boundaries and link disconnected groups; (5) Customize training for employer needs; (6) Provide a mobilizing 'vision'

Cross-cutting	
Green Skills	▪ Focus: 4 case studies will be presented that provide concrete empirical examples of how SETAs (and in one case a non-profit organisation in partnership with the NSF) have responded to the green skills imperative. ▪ Findings: The WWF/NSF internship programme is a good reflection of a best practice targeting highly skilled occupation as and competent post graduates. The LGSETA and CHIETA projects were largely research projects engaged with the concept of green skills and a green economy. ▪ Constraints: The urgency and importance of green issues not fully recognised yet across entire set of SETAs.
NQF: access, articulation and RPL	▪ INSETA brokered partnership between UWC and five colleges in the Western Cape to provide the NQF Level 5 Certificate in Wealth Management – a scarce skill in the insurance sector. ▪ UWC School of Business and Finance mapped the INSETA NQF level 5 Certificate to the B. Commerce undergraduate degree. QCTO and CHE being engaged. Shows how articulation is possible in targeted programmes and where there is collaboration. However, it also shows the complexities involved in achieving the NQF principle of articulation. Resources are needed to achieve this.
Transformation: Disability	▪ Based on the 2016 Community Survey, the national disability prevalence rate is 7.7 per cent, which is an increase from the 2011 Census (7.4 per cent). ▪ proportion of the disabled aged 5-24 not attending an educational institution increased by 8 percentage points from 20.4 per cent to 28 per cent, between 2011-2016. ▪ People living with disabilities are grossly under-represented at the Top management level (1.2 per cent), Senior management level (1.1 per cent), Professionally qualified level (0.9 per cent), Semi-skilled level (0.8 per cent) and the unskilled level (0.8 per cent). ▪ Between 2011/12-2015/16, the proportion of people living with disabilities enrolled in learning programmes was 1.5%, of which Internships were at 0.8%, Learnerships at 3.0%, Skills programmes were at 0.4% and Artisan programmes at 1.7% ▪ The highest proportion of enrolments for people living with disabilities are at NQF level 2 at 2.2%, this is followed by NQF level 1 at 1.9% and NQF level 3 at 1.7% ▪ The SETA that had the highest proportion of people with disabilities is the SSETA at 2.9%, this is followed by BankSETA and CHIETA at 2.5%,

	respectively. FASSETA and SASSETA had the lowest proportion at 0.1% each.
Industrial Strategy: Saldanha Bay IDZ	▪ Education and training institutions were under-prepared to facilitate the production of the required labour force. ▪ The SBIDZC encouraged the establishment of private providers for engineering skills training which were not offered at the TVET college. From the onset, the SBIDZC sought to facilitate partnerships with and the involvement of key stakeholders. ▪ Training started in 2014. Since then, the SBIDZC has successfully rolled-out a number of basic and advanced skills programmes. Training was made possible with funding received from merSETA (main funder) CHIETA and DTI's SEZ Fund. ▪ In total, 595 learners were trained of which 364 were trained in occupations that have also been identified as being SIPs Priority Occupations. A further total of 231 learners were trained in other non-engineering specialised and advanced programmes. ▪ The SBIDZ has adopted an exit strategy that, upon completion of their training, learners can choose to enrol for advanced training programmes, transit straight into the labour market or venture into business via the company's Enterprise Development Project