5. SITUATIONAL ANALYSIS

5.1. PERFORMANCE ENVIRONMENT

i) Social Demand

The White Paper for Post-School Education and Training clearly states that historical disadvantages need to be redressed if South Africa is to move towards a more just and stable society. It further indicates that the NSF will also be a source of funds for wider government strategies such as youth programmes, building small businesses and cooperatives, and rural development.

The National Skills Development Strategy III defines the National Skills Fund as a 'catalytic' fund, enabling the state to drive key skills strategies as well as to meet the training needs of the unemployed, non-levy-paying cooperatives, NGOs and community structures and vulnerable groups. It will promote strategic partnerships and innovation in project delivery. It will drive change towards partnership-based programmes and contribute significantly to raising the low base of education and training in our country, guided by our government policies of redress and promoting equity.

Skills development of the youth is imperative to address poverty, unemployment and inequality and contribute towards future economic growth, but also contribute towards key areas aimed at developing thinking citizens, who can function effectively, creatively and ethically as part of a democratic society, which may not necessary be directly linked to economic growth.

The Quarterly Labour Force Survey for Quarter 3 of 2015 (Statistical Release P0211, page 62) from Statistics South Africa indicated the following number of people per age group that are not in employment, education or training (Referred to as the NEET group):

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>NUMBER OF PEOPLE THOUSAND</th>
<th>PERCENTAGE OF TOTAL NEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>YOUTH</td>
<td>7,219</td>
<td>52%</td>
</tr>
<tr>
<td>15–24 years</td>
<td>3,044</td>
<td>22%</td>
</tr>
<tr>
<td>25–34 years</td>
<td>4,175</td>
<td>30%</td>
</tr>
<tr>
<td>ADULT</td>
<td>6,763</td>
<td>48%</td>
</tr>
<tr>
<td>35–44 years</td>
<td>2,695</td>
<td>19%</td>
</tr>
<tr>
<td>45–54 years</td>
<td>1,966</td>
<td>14%</td>
</tr>
<tr>
<td>55–64 years</td>
<td>2,102</td>
<td>15%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13,982</td>
<td>100%</td>
</tr>
</tbody>
</table>

According to the ILO (2014: KLM): “The NEET rate is a broad measure of untapped potential of youth who could contribute to national development through work. Because the NEET group is neither improving their future employability through investment in skills nor gaining experience through employment, this group is particularly at risk of both labour market and social exclusion.”

It is clear from the above statistics that the youth (ages 15 to 35) makes up the largest percentage (52%) of the NEET category.

Also, the statistical release on the National and Provincial labour market: Youth Q1:2008 to Q1:2015 revealed that the unemployment rate amongst the youth being 36.9% as opposed to 17% amongst adults.
This is a cause for concern both with regards to the human potential being lost as well with regards to the detrimental consequences it holds for the stability of society should the situation not be addressed as a matter of urgency.

Therefore, the NSF places significant focus on the education and training of the youth (ages 15 to 35) in all its skills development initiatives funded, but still making an allowance for the funding the skills development of adults, where applicable.

Skills development of disadvantaged population groups is also imperative to address poverty, unemployment and inequality and ensuring that economic growth is inclusive.

The Quarterly Labour Force Survey for Quarter 3 of 2015 (Statistical Release P0211, page 62) from Statistics South Africa indicated the following number of people per population group that are not in employment, education or training (Referred to as the NEET group):

<table>
<thead>
<tr>
<th>POPULATION GROUP</th>
<th>NUMBER OF PEOPLE</th>
<th>PERCENTAGE OF TOTAL NEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black African</td>
<td>11 681</td>
<td>84%</td>
</tr>
<tr>
<td>Coloured</td>
<td>1 275</td>
<td>9%</td>
</tr>
<tr>
<td>Indian/Asian</td>
<td>347</td>
<td>2%</td>
</tr>
<tr>
<td>White</td>
<td>679</td>
<td>5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13 982</td>
<td>100%</td>
</tr>
</tbody>
</table>

It is clear from the above statistics that the Black African and Coloured population groups make up the largest percentage (93%) of the NEET category.

Also, the statistical release on the National and Provincial labour market: Youth Q1:2008 to Q1:2015 revealed the following unemployment rate amongst the youth and adults per population group and gender:

<table>
<thead>
<tr>
<th>YOUTH (15 - 34 yrs)</th>
<th>MALE</th>
<th>FEMALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black African</td>
<td>36.7%</td>
<td>44.8%</td>
</tr>
<tr>
<td>Coloured</td>
<td>29.1%</td>
<td>35.5%</td>
</tr>
<tr>
<td>Indian/Asian</td>
<td>24.4%</td>
<td>20.2%</td>
</tr>
<tr>
<td>White</td>
<td>11.5%</td>
<td>10.8%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33.8%</td>
<td>40.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ADULTS (35 - 64 yrs)</th>
<th>MALE</th>
<th>FEMALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black African</td>
<td>18.4%</td>
<td>20.7%</td>
</tr>
<tr>
<td>Coloured</td>
<td>15.2%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Indian/Asian</td>
<td>7.5%</td>
<td>15.0%</td>
</tr>
<tr>
<td>White</td>
<td>4.4%</td>
<td>6.1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15.9%</td>
<td>18.4%</td>
</tr>
</tbody>
</table>

The above statistics clearly indicate that the Black African population group is the most disadvantaged with regards to employment for both youth and adults, followed by the Coloured population group for both youth and adults and then to a lesser extend the Indian / Asian population group for both youth and adults. Unemployment amongst the youth in the Black African and Coloured population groups is significantly higher than that of adults in the same population groups.
The latest labour market statistics are a cause for concern and supports the White Paper for Post-School Education and Training in its statement that historical disadvantages need to be redressed if South Africa is to move towards a more just and stable society.

Therefore, the NSF places significant focus on the education and training of people from disadvantaged population groups to ensure inclusive economic growth is achieved through skills development.

It is further acknowledged that opportunities in rural areas are far more limited than those in urban areas and informal settlements are also victims of under-provision. People born and living in poor rural areas have fewer opportunities than urban residents, and those in townships and informal settlements do not fare as well as their suburban counterparts.

**ii) PSET System Demand**

The White Paper for Post-School Education and Training envisages an integrated system of post-school education and training, with all institutions playing their role as parts of a coherent but differentiated whole. These institutions include the colleges and universities whose main purpose is the direct provision of education and training and, in the case of universities, the conducting of research. They also include institutions that support the education and training process, such as the Sector Education and Training Authorities, the National Skills Fund and the advisory, regulatory and quality assurance bodies such as the South African Qualifications Authority (SAQA) and the Quality Councils.

The White Paper for Post-School Education and Training clearly stipulates that the NSF will be an important source of funding to enable the linkages between the skills system and the other post-schooling sub-systems that will be put in place. A number of the strategic goals and objectives related to the PSET system cannot be achieved without enabling funding from the NSF.

The White Paper also recognises the importance of partnerships between educational institutions and employers. Most students are preparing for careers in the labour market, and practical experience in the world of work is an invaluable part of their training. Even those students who do not find jobs in the formal labour market will benefit from practical workplace experience as they seek alternative ways of earning sustainable livelihoods. Employers must be drawn closer to the education and training process; they are among its major beneficiaries and must contribute to its success.

The NSF will therefore continue to be responsible for building linkages within the skills system and fund skills development capacity in public education and training institutions. The NSF aims to expand and improve the effectiveness and integration of the PSET system more as the PSET system plays a critical part in contributing towards the NSF’s strategic goal, namely that of a skilled and capable workforce for an inclusive growth path.

Furthermore, the White Paper for Post-School Education and Training indicates that the NSF is to support research and innovation.

The third National Skills Development Strategy has raised research, development and innovation to a strategic level. They are not simply aspects of skills planning, but fundamental to the achievement of a skilled nation, attracting investment and achieving shared growth and development. The NSF is in a good position to support research which cuts across sectors. For example, the issue of beneficiation in mining
has been highlighted, as has training within the supply chain. AgriSETA has raised the need to strengthen training along the entire food chain if the rural economy is to be strengthened. The NSF must sponsor research where key opportunities for economic growth and industrial development are identified but do not fall tidily into a single sector or SETA. Some of the research questions posed by NSDS III are difficult. They impact upon the way we understand our challenges as a nation, or even how we identify the challenges. For example, how can skills development support the creation of a developmental state? This requires an understanding of the possible role of the state and its various components, and an exploration of different models of state intervention in the economy. Meta-analyses of census and other data on how the poor in rural and urban areas earn their livelihoods are examples of research that can inform us about skills needs and help shape our curricula, especially in community colleges. Such research, both empirical and theoretical, demands the involvement of intellectuals in universities and think tanks; the NSF should provide funding where appropriate to clarify and achieve government’s aims with regard to the education and skills development systems.

More and more in this global world, innovation sets a country apart and places it on a positive developmental path. Innovation has been seen as something applicable to universities and academics, but increasingly it is about applying theory in practical ways in industry. With the increased focus of NSDS III on bridging the gap between study and work, particularly in postgraduate fields of learning, innovation projects can be identified and funded by the NSF to support the wider goals of government.

Currently, priority projects aimed at expanding and improving the effectiveness and integration of the PSET system have been identified by the Department of Higher Education and Training and are estimated at R13.4 billion required over the 5 year strategic period. The demand for PSET system development and capacity building outstrips the NSF’s funding supply and therefore the NSF, with the Department of Higher Education and Training, will prioritise key initiatives to be funded by NSF and balance funding between the different initiatives and post-school education and training sectors.

**iii) Strategic skills development**

The NSF’s skills development initiatives will be aligned to key areas of demand related to both economic development imperatives, as well as social development imperatives.

It has been recognised that the skills required for meeting the objectives of many of the national development strategies and priorities are related to the same occupations and such these occupations will be identified as priority occupations.

The priority occupations will in the main be determined from the following key government strategies, plans and initiatives:

1. The National Development Plan, which is especially implemented through the Operation Phakisa initiatives (e.g. Oceans Economy, Health, Mining and Beneficiation etc.);

2. The White Paper for Post-School Education and Training (incl. White Paper implementation plan);

3. The National Skills Development Strategy IV;

4. The Industrial Policy Action Plan, which is implemented by the Department of Trade and Industry;
5. The New Growth Path, with specific reference to the 18 Strategic Integrated Projects (SIPs) implemented as part of the National Infrastructure Plan, namely:

SIP 1: Unlocking the northern mineral belt with Waterberg as the catalyst;
SIP 2: Durban-Free State-Gauteng logistics and industrial corridor;
SIP 3: South-Eastern node & corridor development
SIP 4: Unlocking the economic opportunities in North West
SIP 5: Saldanha-Northern Cape development corridor
SIP 6: Integrated municipal infrastructure project
SIP 7: Integrated urban space and public transport programme
SIP 8: Green energy in support of the South African economy
SIP 9: Electricity generation to support socio-economic development
SIP 10: Electricity transmission and distribution for all
SIP 11: Agri-logistics and rural infrastructure
SIP 12: Revitalisation of public hospitals and other health facilities
SIP 13: National school build programme
SIP 14: Higher education infrastructure
SIP 15: Expanding access to communication technology
SIP 16: SKA & Meerkat
SIP 17: Regional integration for African cooperation and development
SIP 18: Water and sanitation infrastructure

Furthermore, key research will also be taken into consideration to determine priority occupations, such as the following:

3. Key issues in improving the quantity and quality of professionals in areas of scarce skills, published by the Human Resource Development Council – November 2012

The NSF will provide a detailed breakdown of the number of learners that the NSF has funded during each financial year on learning pathways towards priority occupations. The detailed breakdown will be included in the NSF’s annual reports and will outline the occupations that the NSF is contributing towards.

The education and training of learners towards priority occupations is critical for the growth of the economy, social development priorities and also towards key areas aimed at developing thinking citizens, who can function effectively, creatively and ethically as part of a democratic society, which may not necessary be directly linked to economic growth.


Linked to the above strategies and plans are key initiatives such as “War on Leaks”, “Decade of the Artisan” etc. that the NSF will on a continuous basis evaluate to determine the priority occupations required for such initiatives and whether learners are already being funded on learning pathways towards such priority occupations.
Focusing the NSF’s funding towards education and training of learners on learning pathways towards priority occupations will ensure that the Fund contributes towards the various economic growth strategies, plans and initiatives of government and thereby achieve strategic goal 1, namely that of a skilled and capable workforce for an inclusive growth path.

Funding is strategically aimed at benefitting as many people as possible with economically viable skills, whilst simultaneously benefitting the public skills delivery system through channeling a large portion of the skills development funding through the public delivery system.

5.2. ORGANISATIONAL ENVIRONMENT

i) Project Siyaphambili

A series of events has led to the NSF implementing an integrated transformation project, named project Siyaphambili, aimed at transforming the organisation to become more effective and efficient. These events consisted of the following, amongst others:

1) The 2010/11 to 2011/15 Strategic Plan of the DHET pointed to the immediate key challenges for the NSF, which included:
   • Alignment of the NSF with the priorities set in the third National Skills Development Strategy (NSDS III);
   • Alignment of the NSF with the priorities of the post-school education and training system;
   • Developing a strong monitoring and evaluation capacity and systems for its funded programmes; and
   • Improving disbursement capacity, through amongst others promoting strategic partnerships and innovation in project delivery.

Further outlining the goal to be for the National Skills Fund to operate at the highest standards of efficiency and effectiveness, with high levels of client satisfaction, and making use of its resources to have a major impact on the provision of skills development in the country;

2) The launch of the third National Skills Development Strategy (NSDS III) in 2011, which, amongst other things emphasized, as one of NSF’s primary activities, the urgent need to develop a strong monitoring and evaluation (M&E) capacity and system that will provide the necessary management and oversight assurance required to ensure that funds are spent on the intended beneficiaries and in line with the contract and/or Service Level Agreements (SLA). M&E activities urgently need to be prioritised as a prominent and integral part of the NSF;

3) On 12 October 2012 the National Skills Fund was listed as a national public entity under Part A of Schedule 3 of the Public Finance Management Act (PFMA), by the Minister of Finance. The listing was retrospectively effective from 1 April 2012, as per notice number 821 in Government Gazette No 35759. Although the listing of the NSF as a Schedule 3A public entity initially gave rise to the launch of the integrated transformation project, the main reason for the integrated transformation project is about improving the efficiency and effectiveness of the NSF as an organisation irrespective of the compliance framework within which the organisation must operate;

4) A series of reviews and evaluations were conducted by various departments and other role players on the skills levy institutions, which identified certain weaknesses and strengths and made recommendations for improvement. Many of the findings forthcoming from the reviews on the skills levy institutions reflect the current state of the NSF as well, which was further confirmed through the specific reviews conducted only on the NSF; and
5) The launch of the White Paper for Post-School Education and Training (White Paper) during November 2013 outlining amongst others the new envisaged role of the NSF within the envisaged Past School Education and Training system.

The expected outcomes of Project Siyaphambili consist of the following:

- Improving alignment of the organisation to its mandate;
- Optimising the NSF’s operations;
- Reviewing the NSF’s processes;
- Aligning, building, and staffing up the NSF’s organisation structure;
- Building, improving and capacitating the NSF’s monitoring and evaluation capability; and
- Enhancing the NSF’s performance management, information and reporting.

Some of the current challenges faced by the NSF that are being addressed by project Siyaphambili include, but are not limited to:

- Insufficient capacity to deliver the NSF core operations such as strategic planning, research and analysis, initiation and monitoring and evaluation of its funded programmes (inclusive of performance information reporting);
- Insufficient systems to manage the NSF core and support operations, resulting in mainly manual operations;
- Inadequate business process articulation and inconsistencies in application;
- Inadequate support services delivered through a service level agreement with the Department;
- Misaligned cash-based financial system to the accrual based requirements of the public entity;
- Unstructured research and analysis functions that are not clearly defined and integrated;
- Inadequate knowledge management and lessons learnt feedback to influence decision making;
- Insufficient stakeholder management planning and interaction;
- Linking contributions from individual project level to strategic targets is not explicit, and logic frameworks are not applied to evaluate proposal success in delivering intended outcomes;
- Inadequate standard operating procedures for the recording and reporting of project performance information; and
- Misalignment of operating model processes and organisational structure.

The project is to successfully address the NSF challenges and establish an effective and efficient organisation by:

- Articulating the current state and challenges to be addressed;
- Defining the desired end state as an organisation through the design of strategically aligned core and support processes enabled by an organisational structure and information technology;
- Transitioning the NSF from its current state to the desired end state through implementation of comprehensive transition plans and training; and
- Implementing the appropriate change management initiatives and robust project management processes.

At the date of preparation of this strategic plan, the design phase and implementation planning phase of the NSF’s new organisational architecture has been completed as part of Project Siyaphambili. The NSF’s organisational architecture consists of its mandate, governance model, operating model, functional and interactive model, business process model, information model and organisational model.
The recommendations from the following reports were also used in designing the new improved NSF:

1) The current state assessment on the NSF performed as part of project Siyaphambili;
2) The Expenditure Performance Review conducted by National Treasury specifically on the NSF; and

At the time of preparation of this strategic plan, the implementation phase has commenced, which consists in the main of the following:

1) Implementation of the NSF’s new re-engineered business processes;
2) Implementation of the enabling technology and ICT systems; and
3) Implementation of the NSF’s new organisational structure, based on the new re-engineered business processes.

The implementation of the various aspects of the NSF’s new organisational architecture have been incorporated into this strategic plan.

**ii) High level organisational structure**

Currently the organisational structure of the NSF, as at the end of June 2015, consists of the following staff:

- Executive office – 3 staff
- Sector skills support – 11 staff
- Strategic projects – 20 staff
- Finance and administration – 19 staff
- Provincial operations – 18 staff
- Interns – 24 staff

**Total staff complement of 95**
The current structure will be replaced by the NSF's new organisational structure during the 2016/17 financial year. The macro structure of the new organisational structure is as follow:
The re-design of the NSF’s organisational structure was completed as part of project Siyaphambili. The required processes are currently being followed for the implementation thereof. The proposed new organisational structure is informed by the process design requirements of the core and support functions, and will be implemented as part of project Siyaphambili.

The new organisational structure is aimed at improving the following capabilities within the Fund:

1. Improved strategic planning (incl. skills supply and demand planning), research and analysis;
2. Improved stakeholder management;
3. Improved skills development initiation and brokering;
4. Innovation and continued organisation performance improvement;
5. Improved information, integrated reporting and ICT management;
6. Improved financial management at individual project level;
7. Improved skills development monitoring and evaluation;
8. Improved support functions (inclusive of Human Resource Management, Legal, Governance, Compliance and Supply Chain Management)

5.3 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

A strategic planning session was held on 19 August 2015 to discuss, debate and finalise the NSF’s strategic plan and annual performance plan. During the strategic planning session the impact of the various strategies and plans on the NSF was discussed, in order to refine the strategy developed during 2013 and 2014, where the NSF’s strategic vision, mission and values was collectively formulated, which resulted in buy-in from all NSF staff.

In terms of section 5 of the Skills Development Act, 1998 (No.97 of 1998) one of the functions of the National Skills Authority is to advise the Minister on the strategic framework and criteria for allocation of funds from the National Skills Fund. The Fund will therefore, as in the past, table this strategic plan to the National Skills Authority for consideration in the presentation thereof to the Minister of Higher Education and Training and the Director-General of the Department of Higher Education and Training, as the accounting authority of the NSF.
6. STRATEGIC OUTCOME ORIENTED GOAL: A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH

6.1. STRATEGIC GOAL STATEMENT

It is the strategic goal of the NSF to contribute towards creating a skilled and capable workforce to support an inclusive growth path.

6.2. IMPORTANCE / PURPOSE OF THE STRATEGIC GOAL

The NSF’s key beneficiaries can be categorised as follow:
- the learners funded by NSF for skills development; and
- the PSET system through which the skills of learners are developed

The expected consequence of achieving specific outputs due to providing funding for skills development initiatives to the benefit of these key beneficiaries are the following:

- For the learners funded by NSF = The attainment of employment (or self-employment) as a result of successfully acquiring relevant skills; and
- For the PSET system = An expanded, more effective and integrated PSET system

The PSET system produces a skilled and capable workforce for the labour market (incl. self-employment) and therefore to expand and to make the PSET system more effective and integrated directly contributes to the NSF’s strategic goal, namely that of contributing towards creating a skilled and capable workforce for an inclusive growth path.

This achievement of this strategic goal is aimed towards addressing South Africa’s triple challenge of poverty, inequality and unemployment by providing for those from disadvantaged backgrounds and from vulnerable groups with education and training opportunities that will contribute towards their employment (incl. self-employment) prospects and wealth generation capabilities. This strategic goal is fully aligned to Outcome 5: A skilled and capable workforce for an inclusive growth path.

6.3. PERFORMANCE INDICATORS AND TARGETS

The NSF’s performance on achieving this strategic goal will be measured by a number of outcome orientated performance indicators. These outcome orientated performance indicators are focused towards measuring the NSF’s ability to improve the employment (incl. self-employment) prospects of the learners that the Fund could reach through skills development, with specific focus being on people from disadvantaged backgrounds and vulnerable groups to ensure that growth is inclusive.
The NSF has set for itself the following outcome orientated performance indicators and targets to be mainly measured after completion of the 5 year strategic period:

<table>
<thead>
<tr>
<th>Strategic Goal: A Skilled and Capable Workforce for an Inclusive Growth Path</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Outcome Target for Period 2016/17 to 2020/21</strong></td>
</tr>
<tr>
<td><strong>Outcome Performance Indicator</strong></td>
</tr>
<tr>
<td><strong>Estimated Performance (Baseline)</strong></td>
</tr>
<tr>
<td><strong>Medium Term Targets</strong></td>
</tr>
<tr>
<td><strong>Additional 2 Years</strong></td>
</tr>
<tr>
<td><strong>No baseline available:</strong></td>
</tr>
<tr>
<td><strong>New indicator</strong></td>
</tr>
<tr>
<td><strong>2015/16</strong></td>
</tr>
<tr>
<td><strong>2016/17</strong></td>
</tr>
<tr>
<td><strong>2017/18</strong></td>
</tr>
<tr>
<td><strong>2018/19</strong></td>
</tr>
<tr>
<td><strong>2019/20</strong></td>
</tr>
<tr>
<td><strong>2020/21</strong></td>
</tr>
<tr>
<td>1. 53 300 NSF funded learners that completed their education and training are employed (incl. self-employed) after completion of their education and training. (Outcome Based)</td>
</tr>
<tr>
<td>PURPOSE: By measuring the extent to which NSF funded learners are employed within a reasonable period of time after successful completion of their education and training will provide NSF with a good indication of the success of its skills development initiatives funded in creating a skilled and capable workforce for an inclusive growth path.</td>
</tr>
</tbody>
</table>

2. 100% of projects aimed at expanding, improving effectiveness and integrating the PSET system has successfully achieved the envisaged outcomes per project. | Percentage of projects aimed at expanding, improving effectiveness and integrating the PSET system that have successfully achieved the envisaged outcomes per project. | No baseline available: New indicator | Longer term projects, thus the successful completion thereof can only be measured closer to the end of the 5 year strategic period. Ongoing monitoring will however be performed throughout the projects. | 100% |

PURPOSE: The purpose of this outcome target and performance indicator is to measure the outcome of the NSF’s investment in expanding, improving effectiveness and integrating the PSET system. The outcome of the NSF’s investment in expanding, integrating and improving effectiveness of the PSET system, will be impacted by the success of the NSF’s portfolio of projects, specifically aimed at expanding, integrating and improving the effectiveness of the PSET system. Each project’s individual achievements of the project’s specific envisaged outcomes will be evaluated to collectively determine the overall achievement of the projects collectively as a portfolio of projects aimed at expanding, improving effectiveness and integrating the PSET system.
PART B: STRATEGIC OBJECTIVES
7. PROGRAMME 1: FUNDING SKILLS DEVELOPMENT

PROGRAMME PURPOSE

Programme 1: Funding Skills Development is the outward-focussed service delivery programme of the NSF, namely that of funding skills development.

The programme is aligned to the following aspects of the NSF’s mandate:

1. To fund projects identified in the National Skills Development Strategy as national priorities (section 28(1) of the Skills Development Act);
2. To fund projects related to the achievement of the purposes of the Skills Development Act as the Director-General determines (section 28(1) of the Skills Development Act); and
3. To fund any activity undertaken by the Minister to achieve a national standard of good practice in skills development (section 30B of the Skills Development Act).

PROGRAMME STRUCTURE

Programme 1: Funding Skills Development has been further developed into the four sub-programmes, which are constituent parts of the main programme. Each of the four sub-programmes defines the main services or activities that NSF funds to achieve the strategic objectives of Programme 1: Funding Skills Development.

These four sub-programmes consist of the following:

Sub-programme 1.1: Education and training
This sub-programme consists, in the main, of funding of learners for education and training on strategic education and training initiatives.

Sub-programme 1.2: PSET system development and capacity building
This sub-programme consists in the main of funding strategic PSET system development and capacity building initiatives.

Sub-Programme 1.3: Skills infrastructure development
This sub-programme consists in the main of funding strategic skills infrastructure development initiatives.

Sub-Programme 1.4: Skills development research, innovation and communication
This sub-programme consists in the main of funding skills development research, innovation and communication.

Institution responsible for programme performance delivery

Although the NSF carries the responsibility for the performance of the skills development initiatives funded by the NSF under Programme 1: Funding Skills Development, the performance of these initiatives is dependent on the performance of a number of key stakeholders and institutions within the broader PSET environment.

Amongst them, are the following institutions and stakeholders:

1. The Department of Higher Education and Training (DHET) as the Department responsible for the entire PSET system. The DHET is a key stakeholder in the performance of many of the skills development initiatives funded by the NSF, especially skills development initiatives where the DHET plays an active role as implementer of those initiatives. These initiatives are funded in the main under Sub-Programme 1.2: PSET System Development and Capacity Building, Sub-Programme 1.3: Skills Infrastructure Development and Sub-Programme 1.3: Skills Development Research, Innovation and Communication.
2. The learning institutions, namely the universities, the TVET colleges and community colleges, where learners undergo their theoretical learning component and, where applicable, their practical training learning component of their education and training. The learning institutions play a critical role towards the successful outcome of the skills development initiatives funded by the NSF, especially those initiatives funded under sub-programme 1.1: Education and training.

3. Workplaces, where learners undergo their workplace based learning component and, where applicable, their practical training component of their education and training. The workplaces play a critical role towards the successful outcome of the skills development initiatives funded by the NSF, especially those funded under sub-programme 1.1: Education and training. These workplaces may be state owned companies, private companies, SMMEs and co-operatives, government departments, government agencies, non-profit organisations (e.g. community based organisations and non-governmental organisations) etc. The Sector Education and Training Authorities (SETAs), employer associations, labour unions, government agencies and others often play a critical role in providing linkages to the workplaces, where learners may undergo their workplace based learning component of their education and training.

4. SAQA, the three quality councils (QCTO, CHE and UMALUSI), quality assurance bodies (e.g. NAMB), professional bodies and others (SAIVCET) play a critical role in ensuring that learners funded for education and training on strategic skills development initiatives under sub-programme 1.1: Education and training undergo such education and training on accredited learning programmes and acquire recognised qualifications, where accreditation is a requirement. These stakeholders also play a critical role in the development and capacitation of the PSET system, especially with regards to matters related to quality.

5. The Human Resource Development Council of South Africa (HRDCSA) and National Skills Authority (NSA), together with the DHET, play a critical role in the execution of skills development research, innovation and communication funded by NSF. These stakeholders' performance in these areas has a direct impact on the NSF's performance on sub-programme 1.4: Skills development research, innovation and communication.

RESOURCE CONSIDERATIONS

Revenue and expenditure trends

Significant increase in NSF's total revenue due to additional funding received from the SETAs (mainly once-off):

The NSF's total revenue has grown significantly in the past three financial years (2013/14, 2014/15 and 2015/16) mainly due the following additional funds received from the SETAs:

1. 2013/14: R1.077 billion
   R1.077 billion was received from the SETAs in 2013/14 as the SETAs’ contribution towards construction of the 16 new TVET college campus sites.

2. 2014/15: R2.646 billion
   R2.586 billion was received from the SETAs in 2014/15 as a result of the SETAs’ uncommitted surpluses being transferred to the NSF and R60.4 million was received from the SETAs towards TVET college infrastructure development.

3. 2015/16: R580 million
   R363.945 was received from the SETAs in 2015/16 as a result of the SETAs’ uncommitted surpluses being transferred to the NSF, R31.055 million was received from the SETAs towards TVET college infrastructure development and R185 million towards the establishment of SAIVCET.