



REQUEST FOR PROPOSALS

ANALYSIS OF KEY PROCESSES AND SYSTEMS BEING USED BY SECTOR EDUCATION AND TRAINING AUTHORITIES AND THE NATIONAL SKILLS FUND TO MANAGE AND FUND LEARNERSHIPS, APPRENTICESHIPS AND INTERNSHIPS

1. BACKGROUND AND RATIONALE

Government has established 21 Sector Education and Training Authorities (SETAs), in terms of Section 9 of the Skills Development Act (SDA), 1998 (Act No. 97 of 1998). They perform their functions in accordance with the SDA and the Skills Development Levies Act. These SETAs are currently entities of the DHET.

The SDA (Chapter 7) also establishes NSF which uses part of the skills levy to fund interventions that are in the main, in line with the National Skills Development Strategy (NSDS) III. The Skills Development Levies Act, 1999 (Act 9 of 1999) established the system of levy financing to fund skills development. The Act makes provision for employers to adopt a structured and pro-active approach to skills development to address the skills they require. The Act provides for the administration, allocation and disbursement of the skills levy as collected to the SETAs and the NSF. In line with the Tax Administration Act and the Skills Development Levies Act (Act 9 of 1999), employers pay one percent (1%) of payroll costs – 80% of the one percent of payroll is transferred by the department to SETAs and the 20% of the 1% of payroll collected is transferred to the NSF. SETAs manage, administer and disburse the skills levy in line with the provisions and allocation as per the SETA Grant Regulation that includes the mandatory grant for the purpose of planning and reporting on workplace training, administration and the allocation of funds through the discretionary grant to address scarce and critical skills. In the case of the NSF the levy is allocated in line with the approved NSF Strategic Framework and Criteria.

The SDA (Act No. 97 of 1998), describes learning programmes that includes learnerships, apprenticeships, skills programmes and any other prescribed learning programmes that has a structured work experience component. In terms of the SDA (Act No. 97 of 1998), SETAs are expected to establish and promote learning programmes, assist in the conclusion of agreements for learning programmes, to the extent that it is required, and register agreements for learning programmes, to the extent that it is required. Discretionary grants are paid to employers to cover the cost of learnerships, learnership allowances, skills programmes and apprenticeship training.

A combination of SETA grants, tax incentives and BEE points have proved to be an effective incentives framework for learnerships and apprenticeships. There are various other incentives in the form of tax concessions for registering and completing learnerships and apprenticeships. These incentives amount to an additional R2 billion a year and employers can take advantage of this, irrespective of whether or they receive funding from the SETA. BEE legislation and the earning of BEE points for skills development has also assisted.

The 2018 SETA Workplace Based Learning (WBL) Programme Agreement Regulations provides for the preparation, submission, registration and management of WBL Programme Agreements. The Regulations also makes reference to administrative provisions such as record keeping. The Regulations provide templates for the WBL Programme Agreement and an application form to register a learnership.

The NSF also funds and facilitates learner participation in LAI in terms of its mandate. Several studies have pointed to inefficiencies and lack of uniformity in the processes adopted by SETAs to manage and fund LAI. Both the 2011/12 NSDS II and the 2019 NSDS III evaluation reports found that learning programmes were generally effective in that they improved productivity, reduced errors in the workplace and improved the quality of product or service delivered. However, the reports also revealed that these programmes were highly inefficient due to low throughput in the system (NSA, 2019)¹. For example, the NSDS III report concludes that the estimated financial loss to SETAs due to learners not completing their programmes within the period 2011/12 to 2015/16 was 26% (R3.60 billion) for artisanal programmes, 60% (R6.56 billion) for learnerships and 80% (R1.54 billion) for internships (NSA, 2019).

During the 2017/18 financial year, 269 147 learners registered for SETA-supported learning programmes. Fifty-four percent (144 531 learners) registered for skills programmes, 41% registered for learnerships (111 681 learners), and 5% registered for internships (12 935).

The NSDS III intends to increase access to high quality and relevant education and training and skills development opportunities, including workplace learning and experience, to enable effective participation in the economy and society by all South Africans.

The National Skills Development Plan (NSDP) builds on the implementation of the NSDS III and intends to address systemic considerations to improve the effectiveness and efficiency of the skills development system. It integrates skills development interventions within the Post-School Education and Training (PSET) system through skills development interventions such as learnerships, apprenticeships and other forms of workplace based learning.

Research on how WBL programmes are implemented draw attention to several challenges in the implementation of WBL. For instance, the NSDS III report showed that there is a lack of support from senior management or employers for WBL learners, insufficient commitment of mentors for WBL learners, employers have inadequate capacity to host WBL learners, processes to recruit learners are not transparent, and processes are long, laborious and overly bureaucratic. In addition, it is well known that processes followed by SETAs for the management and funding of LAI are not uniform. This lack of coherence across the skills

¹ NSA, 2019. *Evaluation of the National Skills Development Strategy (NSDS III) 2011-2016*. NSA: Pretoria

system makes it more difficult for the public to access services because it means that applicants have to follow different processes and procedures to apply for WBL opportunities.

In order to develop appropriate solutions to the problems identified above, it is imperative to obtain a deep understanding of how WBL processes are managed and funded. This study therefore seeks to examine key processes and systems used to manage and fund LAI. This study will therefore assist in implementing the objectives of the NSDP. The study will produce a report on the management and funding of LAI by SETAs and the NSF.

2. PURPOSE OF THE STUDY

The purpose of the study is to undertake an analysis of key processes and systems being used by SETAs and the NSF to manage² and fund LAI. The study will obtain insights into the mechanisms used for LAI.

3. SCOPE OF THE STUDY

The appointed service provider will describe and analyse key processes and systems used to manage and fund LAI in at least 12 SETAs and the NSF.

The scope of work will include the following activities:

- 3.1 Briefly describe and analyse the existing policy and legislative regime for LAI;
- 3.2 Describe and analyse the challenges experienced by learners, employers, providers, SETAs and the NSF in the implementation of LAI;
- 3.3 Assess whether the current LAI models are appropriate and effective;
- 3.4 Describe, compare and map the processes followed by each of the 12 SETAs and the NSF in managing and funding LAI;
- 3.5 Identify, describe and assess the systems used by SETAs and the NSF to manage, fund and report on LAI;
- 3.6 Identify good practices in the management (including reporting) and funding of LAI, by SETAs and the NSF; and
- 3.7 Provide recommendations on how SETAs and NSF could improve their processes and systems for the funding and management (including reporting) of LAI.

² By “management processes” we referring to administrative processes for LAI.

4. ACTIVITIES AND DELIVERABLES

The successful Service Provider will be expected to cover the matters tabled below in a consolidated report.

NO	ACTIVITIES	DELIVERABLES	DETAILS
1.	Briefly describe and analyse the existing policy and legislative regime for LAI, including reporting	A process report on the policy and legislation that governs LAI	<ul style="list-style-type: none"> • Skills Development Act, 1998 • Learning Programme Regulations (DHET, 2018) • Draft policy on Workplace Based Learning (WBL) • SETA Grant Regulations (3 December 2012) • Guidelines on the implementation of the SETA Grant Regulations (2020) • NSF Funding Framework • The South African Revenue Service (SARS) Tax incentives • The Department of Trade and Industry (DTI) incentives (such as BBBEE points) • Youth Employment Incentives of National Treasury • The Labour Relations requirements that regulate the contracting of apprentices and/or learners and the payment of their stipends (e.g. the Bargaining Council Agreements at five (5) of the dominant apprenticeship training sectors and the Sectoral Determination for Learnerships by the Employment Conditions Commission under the Basic Conditions of Employment Act) • All National Treasury prescripts and guidelines for the payment of these incentives • Legislative requirements for reporting
2.	Describe and analyse the challenges experienced by	A process report on the challenges experienced by learners, employers,	<ul style="list-style-type: none"> • Review research reports and other reports on the implementation of LAI in South Africa

NO	ACTIVITIES	DELIVERABLES	DETAILS
	learners, employers, providers, SETAs and the NSF in the implementation of LAI	providers, SETAs and the NSF in the implementation of LAI	<ul style="list-style-type: none"> Interview a small numbers of learners, employers, providers, SETAs and the NSF in the implementation of LAI
3.	Assess whether the current LAI models are appropriate and effective	A process report on appropriateness and effectiveness of LAI models	<ul style="list-style-type: none"> What are the delivery models of LAI? Are the current LAI models appropriate and effective? Are the incentives appropriate? What can be done to include more enterprises, particularly SMEs into the system? How curricula and implementation quality could be improved?
4.	Describe, compare and map the processes followed by each of the 12 SETAs and the NSF in managing and funding LAI	A process report on the processes being used by SETAs and the NSF in managing and funding LAI	<ul style="list-style-type: none"> <u>Processes for the recruitment of learners</u> for LAI: how, where, what and when are LAI opportunities advertised, processing of applications, selection of learners, application of 18(1) and 18(2) clauses <u>Advertisements for the recruitment of learners for LAI:</u> analyse the adverts across the SETAs <u>Advertisements of grant opportunities to employers:</u> how, when, where and what, scope, what evidence informs the adverts? requirements of employers <u>Advertisements of opportunities for providers:</u> how, where, when, what, scope <u>Selection of employers:</u> processes followed, evaluation criteria, structures, and authority for sign off, application of 18(1) and 18(2) clauses, how and when are employers informed <u>Selection of providers:</u> processes followed, evaluation criteria, structures, and authority for sign off, how and when are providers informed

NO	ACTIVITIES	DELIVERABLES	DETAILS
			<ul style="list-style-type: none"> • <u>Outsourced grant processes for LAI</u>: Are any of the SETA grant processes outsourced? How was the process arrived at? What motivated this approach? • <u>Annual schedule</u> of planning, advertisements and grant issuing at each SETA and at the NSF • <u>Funding</u>: How, why, when, and to whom is funding allocated for LAI - per annum, learner, categories of funding, purpose of funds, tranche payments, allocation per tranche, total grant for each of LAI, evidence required for tranche payments, stipend for learners per annum, payment to Skills Development Providers (SDPs), payment to employers, and how funds are dispersed • <u>Co-funding arrangements</u>; how does co-funding happen, what are the co-funding arrangements, what are the challenges? • <u>Unsolicited applications for grants</u>: how are these responded to? • <u>Contracting</u>: how, when, why, what, where, when are contracts deemed to have ended? Lead employers and host employers, nature of the contractual relationships between SETAs, providers and learners, including roles and responsibilities • <u>Governance (decision making) of LAI processes</u>: how are decisions made, by whom, at the different levels of processes? • <u>Administration and record keeping</u>: what records are kept of all the processes, for how long and where, accessibility of records?

NO	ACTIVITIES	DELIVERABLES	DETAILS
			<ul style="list-style-type: none"> • <u>Capturing of data from contracts</u>: who, how, when, comprehensiveness, formats, tools used, quality assurance • <u>Financial skills</u>: what skills are existing, what is needed? • <u>Workplace approval</u> for LAI: who, how, what, criteria used, internal policies applied • <u>Workplace issues</u>: problems arising at the workplace, resolution of the problems, roles and responsibilities • <u>Tracer studies</u>: are these undertaken, how frequently and by whom? • <u>Quality assurance</u>: what are the quality assurance processes?
5.	Identify, describe and assess the systems used by SETAs and the NSF to manage, fund and report on LAI	<ul style="list-style-type: none"> • Process report on comparative analysis of templates, forms, guides, contracts, MOAs etc. used by SETAs and the NSF in managing, reporting and funding • Process report on comparative analysis of electronic systems used by SETAs and the NSF for receiving and processing LAI applications and allocating funds, recording and reporting, on LAI 	<ul style="list-style-type: none"> • Describe and assess templates, forms, guides, contracts, MOAs, SOPs etc. used by SETAs and the NSF in managing, reporting and funding • <u>Electronic systems</u>: describe, compare and assess electronic systems used by SETAs and the NSF for receiving and processing LAI applications and allocating funds, recording and reporting, on LAI • Comparison of the actual fields of data in the contracts and challenges experienced and systems used to capture information from contracts

NO	ACTIVITIES	DELIVERABLES	DETAILS
		<ul style="list-style-type: none"> List of fields of data available from contracts and electronic systems 	
6.	Identify good practices in the management (including reporting) and funding of LAI, by SETAs and the NSF	A process report on good practices in the management (including reporting) and funding of LAI, by SETAs and the NSF	<ul style="list-style-type: none"> How could good practice be defined? What are some of the effective/efficient management and funding models/systems used by SETAs? Examples of management and funding processes and systems that could be strengthened Examples of good quality templates, forms, guides, contracts, MOAs, SOPs etc. Examples of good processes Examples of good decision-making processes/structures Examples of good funding approaches and models Examples of good electronic systems Examples of good reporting systems and reports
7.	Provide recommendations on how SETAs and NSF could improve their processes and systems for the funding and management (including reporting) of LAI	A process report on recommendations on how SETAs and the NSF's processes and systems for the funding and management (including reporting) of LAI	<ul style="list-style-type: none"> Provide templates, forms, guides, contracts, MOAs, SOPs for SETAs and the NSF etc. Provide simple business process maps for LAI that can be used by all SETAs and the NSF Provide a model/approach/framework for the funding of LAI by SETAs and the NSF, respectively Provide a proposal for a good electronic system that can be used by the SETAs and the NSF, respectively Advise on whether it would be possible to have an integrated system across SETAs and the NSF Identify indicators for reporting on LAI (including indicator grids) Identify issues that must be covered in reports

5. TIMEFRAMES FOR THE STUDY

The study will take place over a period of eighteen (18) months. The study will start in **December 2021** and should be completed by **May 2023**. The level of effort for the study is **200 person days**.

It is envisaged that the study will be carried out in six phases as outlined in the table below.

No	Broad Tasks	Estimated number of Working Days
1	Description and analysis of the existing policy and legislative regime for LAI	20
2	Description and analysis of the challenges experienced by learners, employers, providers, SETAs and the NSF in the implementation of LAI	40
3	Assessment of whether the current LAI models are appropriate and effective	20
4	Description, comparison and mapping of processes followed by each of the 12 SETAs and the NSF in managing and funding LAI	40
5	Identification, description and assessment of the systems used by SETAs and the NSF to manage, fund and report on LAI	30
6	Identification of good practices in the management (including reporting) and funding of LAI, by SETAs and the NSF	20
7	Provision of recommendations on how the funding and management (including reporting) of LAI could be improved	30

6. MANAGEMENT ARRANGEMENTS

6.1 Steering Committee

A Steering Committee will be established by the Department. It will comprise of officials from the Department, the NSF, the National Skills Authority (NSA) and other key stakeholders, which will be responsible for overseeing the whole study including approving the inception report and other main deliverables.

6.2 Contracting and reporting arrangements

The study will be funded by the NSF and the selected Service Provider will sign a Memorandum of Agreement (MOA) with the NSF and the DHET.

The Service Provider will report to the NSF and DHET through Ms Renay Pillay, Director: Policy, Research and Evaluation (at DHET).

The NSF and DHET will provide reporting templates to the contracted service provider(s).

7. REQUIREMENTS OF THE SERVICE PROVIDER

The Service Provider should specify the number of researchers expected to be part of the team, their areas of expertise and their respective responsibilities. **Inclusion of sector experts with proven experience is a requirement** in this study. The team must possess relevant qualification(s), including at least one Postgraduate Degree.

The team leader must have at least 10 years of experience including working with government at a senior level. The team leader should be able to demonstrate knowledge of SETAs and should have undertaken at least three research project involving SETAs. The team leader should be able to demonstrate knowledge of other components of the PSET system.

It is important that Service Providers have the following expertise and experience:

- **Research practice:** Design specific research methods and tools. This may include qualitative, quantitative or mixed methods. Systematically gather, analyse, and synthesise relevant evidence, data and information from a range of sources, identifying relevant material, assessing its quality, spotting gaps, and drawing appropriate findings and recommendations
- **Project Management:** Lead and manage a team effectively and efficiently, and manage the project effectively to completion in a way which delivers high quality evaluations and builds trust of stakeholders
- **Capacity Development:** Meaningful capacity development to departmental staff
- **Report writing and communication:** Write clear, concise and focused reports that are credible, useful and actionable, address the key research questions, and show the evidence, analysis, synthesis, recommendations and interpretation and how these build from each other

8. INTELLECTUAL PROPERTY AND COPYRIGHT

The Service Provider will sign a MOA with the NSF and DHET relinquishing all rights to any copyright and intellectual property emanating from the evaluation. Should additional partners be contracted to assist with the evaluation, the MOA between the selected Service Provider and its partner/s should specify that all intellectual property and copyright emanating from the evaluation would belong to the Department. Copies of all MOAs signed between the selected Service Provider and their partners must be submitted to the NSF.

9. PROJECT ADJUDICATION/ EVALUATION PROCESSES

The NSF project adjudications/evaluation process involves the following stages, namely: Administrative Compliance, Technical Evaluation, Due Diligence and Grant Adjudication and Approvals as outlined below.

All applicants will receive acknowledgement letters at the end of the Administrative Compliance stage (9.1). The outcome of all applications will only be communicated to all applicants at the end of the adjudication/evaluation stages/process (9.4).

The completed application together with relevant annexures will all be evaluated using the following stages and scoring guidelines:

9.1 Administrative Compliance

This stage of evaluation assesses the completeness and adherence to all administrative requirements. Applications which scores below 9/10 will not proceed to the next stages. Proposals received by deadline date only will undergo an adjudication process as per table below:

Table 1: Administrative Compliance Criteria

Criterion	Notes/explanation	Score
1. Signature and Valid application supporting documents	Applicants must complete and sign the Document Submission Checklist (Annexure A) and Declaration (Annexure B)	2
2. SARS/ Tax Compliance	Applicants must submit a valid tax clearance certificate or tax exemption letter/letter of good standing	2
3. Company Registration documents	Applicants must also submit registration documents of the company/ entity	2
4. Budget	Applicants must submit the budget in the correct template/format (Annexure E). NB: Use Excel spreadsheet	2
5. Application submission	Application submissions must be emailed to dhetspre@dhets.gov.za Strict adherence to the application template and its numbering (Annexures C & D).	2
Total score		10

9.2 TECHNICAL EVALUATION

This stage of the evaluation assesses the technical viability of the project to produce certain outputs and outcomes. Key metrics to be assessed include but not limited to:

Table 2: Technical Evaluation Criteria

No	Notes/explanation	Score
1	Qualifications <ol style="list-style-type: none"> 1. Team leader - Research based Master's Degree/ NQF Level 9 and above (10 points) 2. Each Lead Researcher – a minimum of a Masters' Degree/NQF Level 9 held by most of the lead researchers (5 points) 3. Team Leader and Lead Researcher – proven knowledge and understanding of skills development (10 points) 	25
2	Experience <ol style="list-style-type: none"> 1. Team leader - Skills development experience (10 years or more = 10 points) 2. Team leader links to a minimum of 3 research reports in a similar area, must be provided (5 points) 3. Team Members – skills development experience (on average 5 years or more = 5 points) 	20
3	Project Management <ol style="list-style-type: none"> 1. More than 10 years - 10 points 2. 5 to 10 years – 5 points 3. Less than 5 years – 3 points 	10
4	Methodology and design <ol style="list-style-type: none"> 1. An understanding of the assignment expressed in methodology and approach (5 points) 2. Activity Based Plan (5 points) 3. Detailed activity budget, including VAT (5 points) 	15
5	Report writing and communication - write clear, concise and focused reports <ol style="list-style-type: none"> 1. Examples provided show good reports which demonstrate use of evidence, good logic, and are well-written (10 points) 2. Well-written and punchy reports with good use of infographics, good summaries, good use of evidence (5 points) 	15
6	Capacity building of Department staff	5

No	Notes/explanation	Score
	1. A clear plan to build capacity of the programme research team as well as departmental staff on evaluation (5 points)	
7	Quality Assurance Plan 1. A clear plan to ensure that the process and products are of a good quality (5 points)	5
Total score		100

9.3 Due Diligence

This stage of evaluation assesses the capacity of the applicant and its partners to execute the intended project. It could occur at the sites of the applicant and its partners, or through a desktop methodology combined with online due diligence (the decision of the type of due diligence will be determined taking into consideration the lockdown rules at the time). The scope of the assessment includes governance, risk, reporting systems, monitoring and evaluation capability, financial management, and walk through inspection of premises, etc.

9.4 Grant Adjudication Committee and Approval

The Director-General (DG) appoints a Grant Evaluation Committee (GAC) to advise him on the Proposals considered viable after technical and due diligence evaluation. Upon recommendation from the GAC, the DG may approve or decline a project.

This stage of evaluation is the final stage of evaluation where the findings from the due diligence exercise, technical evaluation and administrative compliance stages are presented and recommendations are made to DG for final decision.

The NSF reserves the right to make final allocations according to a number of internal criteria including historical NSF spending in the province, government priorities; e.g. the district model/plans and NSF targets, etc.

In conclusion, the Director-General's final decision on all applications is communicated to all applicants in a form of a letter at the end of all the stages above.

10. GENERAL PROVISIONS

- The Department and the NSF reserves the right to conduct due diligence and qualitative analysis exercises as part of the functionality evaluation process. This may include requests for presentations to the NSF on the parts of work proposed.
- The Department and the NSF will not be liable to reimburse any costs incurred by Service Providers during this Terms of Reference (TOR) process.

- Service Providers must identify and disclose any conflict or perceived conflict of interest caused by current assignments, relationships or other dealings, and indicate how such conflicts would be addressed.
- Should the project leader or key senior researchers exit the project, alternative persons with equal competencies, qualifications and experience must be contracted.
- Awarding of the final contract will be subject to the conclusion of a MOA between the NSF, DHET and the successful Service Provider.

11. DISCLAIMER

- The Department and the NSF reserves the right not to appoint a Service Provider and is also not obliged to provide reasons for the rejection of any proposal.
- The Department and the NSF reserves the right to:
 - Reject all proposals;
 - Request further information from Service Providers after the closing date of the proposal, for clarification purposes; and
 - Cancel the TOR at any time during the process.
- The Department and the NSF reserves the right to invoke penalty clauses and / or cancel the contract due to late, non-performance or sub-standard performance by the Service Provider for any part of the work related to this TOR.

12. APPLICATION DOCUMENTS

Proposals must be submitted on the application template found on the DHET website. The form will include the following:

- Annexure A-D: Application Template;
- Annexure E: Budget/ Cash flow Drawdown schedule (use MS Excel).

The applicants must adhere to the application guidelines and template as it is linked to the adjudication/evaluation process of the NSF.

13. APPLICATION PROCESS AND TIMELINES

- Applicants must complete and sign Annexure A of the application template.
- Proposals must be submitted on the application template found on the DHET website.
- **All submissions must be emailed to dhetpre@dhet.gov.za**
- No posted, faxed, hand delivered or couriered applications will be accepted.
- Enquiries relate to the TOR can be submitted in writing to dhetpre@dhet.gov.za
- The deadline for submission of proposals is **1 October 2021** not later than **12h00**.
- Only applications submitted by the deadline will be considered.
- For applications, guidelines and templates, kindly refer to www.dhet.gov.za