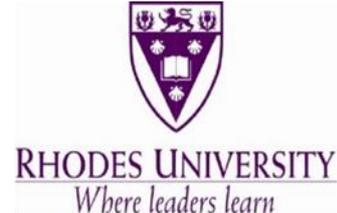




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## Rhodes University BANKSETA M&E Chair Research Plan: Project 7

<b>TITLE OF RESEARCH</b>	<i>Project 7: Develop a Monitoring and Evaluation Framework for the Mandatory Grant</i>
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## Purpose of the Research

*“Grants must be seen not as a mechanism for reaching numerical targets, but as a means of achieving impact in the sector” (DHET, 2015, p.19)*

This project will develop a specific framework for the monitoring and evaluation of the implementation of the Mandatory Grant, for all SETAs. It will be aligned with the high level M&E framework for SETAs (Project 1), which will in turn align with other relevant M&E frameworks including DHET’s. It aims to support the goals of the Post-School Education & Training (PSET) system, i.e. to contribute to **social development** and **economic participation** and to:

- Expand **access** to PSET opportunities
- Improve **equity** particularly in terms of race, gender, class, disability, and geography
- Improve the **quality** of PSET, particularly in relation to teaching and learning
- Improve its **relevance** so that it is responsive to individuals, society and the world of work
- Improve the **success** of the PSET system, and
- Improve the **efficiency** of the PSET system.

Known challenges in implementing the Mandatory Grant (*DHET Guidelines on SETA Regulations 2015*) include:

- Lack of clear **policy** and strategic intent against which SETA impacts can be measured
- The inadequate quality and accuracy of **employer** data on scarce and critical skills and skills gaps
- **Factors affecting SETA effectiveness and efficiency** including compliance measures and other policies
- Quality and relevance of training provided by accredited **providers**
- Availability of training and **qualifications** to meet actual sector needs.

While the high level M&E framework (Project 1) and the Performance Standards (Project 3) will address more general evaluation foci, this specific framework for the Mandatory Grant will assist SETAs and their stakeholders to (1) gain deeper understanding specifically into these challenges and (2) how they can be addressed, and (3) assess the success of measures to address them. The results should (4) inform the annual reviews of Policy, Strategic Plans, Sector Skills Plans and Annual Performance Plans. This would introduce into these reviews a strong learning focus and a more transformative strategic focus, beyond numerical targets. It would also (5) ensure that M&E findings are actually used for improvements in the system.

This introduces therefore an action learning framework, to complement more traditional indicator - and standards based M&E. An action learning M&E system should also enable SETAs to engage employers and providers in improving their inputs into the system (as they participate in evaluations).

The M&E framework must enable SETAs to be accountable to their stakeholders and in equal measure, to learn from M&E in order to increase their positive impact within their sphere of influence. In the implementation of the Mandatory Grant, SETAs connect with other roleplayers (employers and providers, among others). This project is an opportunity to develop an aligned, implementable M&E framework that sees PSET as a system and supports systemic and institutional learning as much as organisational accountability. The proposed framework should be broad enough to be also used in a future PSET landscape.

## Research Questions

### *High Level Research Questions*

1. How should the implementation of the MG be monitored?
2. How should the implementation of the MG be evaluated?
3. What innovative approaches to evaluation can be realistically integrated?

### **Sub-Questions**

1. What is the intended role and functioning of the Mandatory Grant (MG)?
2. How is the MG currently being monitored and evaluated, and what are the associated challenges? (include data, processes, resources, focus, workflow, policy and framework alignment, among others)
3. How are M&E findings on the MG currently being used to improve SETA effectiveness and impact?
4. Given the challenges in the system (such as poor employer data, provider and qualification inadequacies, framework and procedural misalignments, lack of (transformative) strategic intent and target/compliance focus), can an action learning approach to be used to improve SETA's strategic intent with Mandatory Grants and the impact achieved with its implementation?
  - How should SETAs evaluate the quality of employer data and efforts to improve it?
  - How should SETAs evaluate the quality of training provided and efforts to improve it?
  - How should SETAs evaluate the factors impeding their efficiency in implementing the MG and efforts to improve it?
  - How should SETAs review the impact and appropriateness of their annual policies and strategies pertaining to the MG?
5. Given the above, how should the implementation of the MG be monitored?
6. How should the implementation of the MG be evaluated?
7. What are the requirements for implementing the proposed M&E framework for the MG?

# Project 7: Scoping Report for the Development of an M&E Framework for the Mandatory Grant

## Introduction

This scoping report on the Mandatory Grant is informed by a broader policy review of the Post School Education and Training (PSET) system (See Appendix 1). Within PSET, and particularly the skills development component, the mandatory and discretionary grants are key instruments that fulfil a number of roles. In order to develop a monitoring and evaluation (M&E) framework for the Mandatory grant, this scoping report provides an overview of the grants system and what key role players need to do in terms of policy. It also reviews some examples of current M&E of the Mandatory Grant in order to identify challenges to be considered and addressed in the development of an M&E framework. The scoping report concludes with some proposals that will be taken forward through the draft report (deliverable 3) and final framework (deliverable 4).

## Background

The Skills Development Levy is a 1% levy that all eligible employers with an annual payroll of R500 000 or more must pay. The levy was introduced through the Skills Development Levy Act of 1999 and supports learning and development in South Africa. The levy is paid to the South African Revenue Service (SARS) and then distributed by the Department of Higher Education and Training (DHET) to the 21 Sector Education and Training Authorities (SETAs) and the National Skills Fund (NSF) on a monthly basis, based on the Standard Industry Classification (SIC) codes. The *SETA Grant Regulations* (DHET, 2012) provide the basis for the allocation and disbursement of grants by the SETAs. These regulations guide SETAs to act in a transparent and fair manner in the allocation of funding and seek to achieve value for money. It also provides guidance in terms of what the SETAs should achieve through the grants and thus *a basis for measuring the extent to which they have achieved what they set out to do*.

## SETA Grant Regulation

New grant regulations were published in December 2012 and came into effect in April 2013. The intention of the grant regulations was to improve the focus, management and effectiveness of the SETA grant spending. In line with the National Skills Development Strategy (NSDS III) the regulations also introduced measures towards a “more reasonable balance” between public and private providers. It was proposed that sound analysis of the supply and demand side conditions should determine what this “reasonable balance” would entail for each sector and that SETAs have to design their delivery model and policies to ensure that, where possible, there is an increase in the participation of public education and training institutions (DHET 2012).

The most significant change in the 2013 Grant Regulations from previous versions was the reduction in the Mandatory Grant percentage from 50% to 20%<sup>11</sup> and the requirement to plan to Professional, Vocational Training and Academic Learning (PIVOTAL) training. The regulations sought to discourage the accumulation of surpluses and the carry-over of unspent funds, and to improve the quality and quantity of labour market information received by the SETAs. They also encourage employers to produce annual workplace skills plans (WSPs), annual training reports (ATRs) and PIVOTAL training reports to enhance education and training, address skills shortages and inform skills planning nationally and within sectors. Based on these regulations the funding is currently disbursed as outlined in Figure 1.

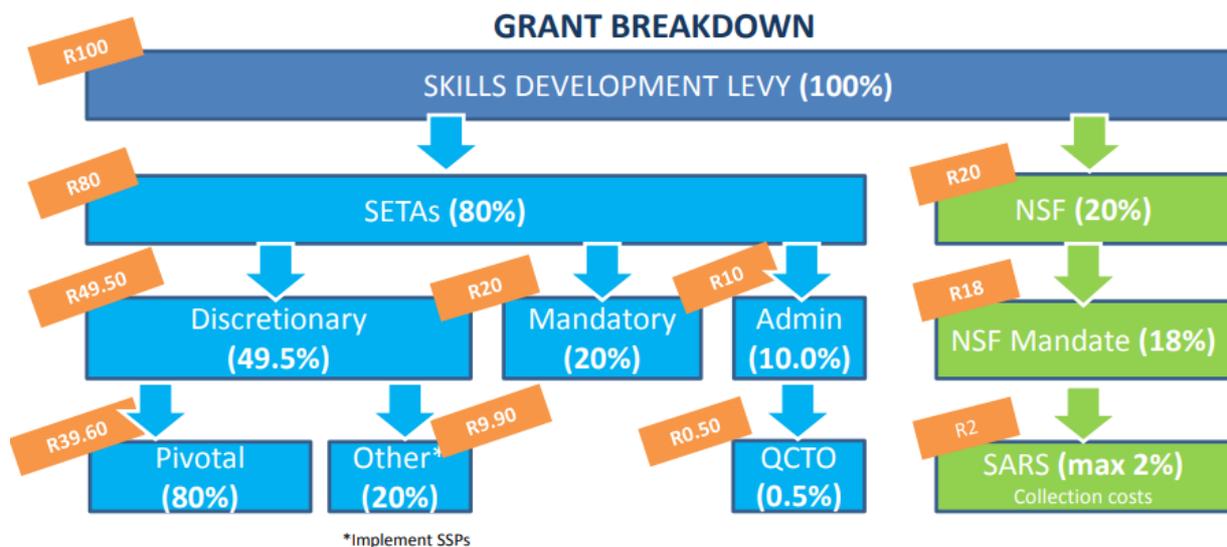


Figure 1: Grant Breakdown: Source DHET, 2017b

To qualify for the Mandatory Grant (previously 50% and now 20% of Skills Levy paid) employers have to submit a WSP and an ATR. This information is meant to support the SETA in identifying and prioritising Occupations and Skills in High Demand in the Sector Skills Plans (SSPs). An eligible employer can apply for discretionary funding from the SETA, who allocates this grant funding to support priorities identified in the SSP. The evaluation of NSDS III suggests that “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 in discretionary grant funded projects. It is estimated that more than 80% of the registered companies do not participate at all in the skills development system” (Mzabalazo & REAL, 2018, p. 146).

The income from the Skills Development Levy has grown significantly from just over R1billion in 2000/2001 to R15,3 billion in 2016/2017. Part of the reason for the significant increase is that the

<sup>11</sup> This clause along with a clause allowing for the sweeping of unspent SETA funds to the NSF were challenged in court. DHET was forced to set aside the clause on sweeping unspent discretionary funds (Regulation 3(12)) and has appealed the court ruling in terms of the reduction from 50% to 20% (Regulation 4(4)). The court has found against DHET in both the original case and the subsequent appeal. The latest court appearance was August 2018 and judgement has been reserved at time of writing.

lower limit (R500 000) has not been increased in line with inflation and at the same time salaries have increased in line with or above inflation. Any additional investment income or unspent mandatory or administration funds are transferred to discretionary funds. “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.” (ibid, p10). R13 billion were left in reserves at the end of the 2015/2016 financial year.

**Table 8** Real (2015 R million) distribution of the Skills Development Levy

Year	Total amount disbursed by the Skills Development Levy	Distribution of Levy Funds					SETA Admin costs transferred to QCTO
		Amount transferred to the National Skills Fund	Amount disbursed to SETAs	SETAs			
				Admin Costs	Mandatory Grant Allocation	Discretionary Grant Allocation	
2011/12	12 547	2 508	10 039	1 255	6 275	2 510	–
2012/13	13 421	2 684	10 737	1 342	6 710	2 684	–
2013/14	13 960	2 790	11 170	1 466	2 793	6 912	17
2014/15	14 753	2 962	11 791	1 548	2 948	7 295	30
2015/16	15 225	3 044	12 181	1 599	3 045	7 537	40
<b>Average annual growth</b>							
2011/12–2015/16	4.9%	5.0%	4.9%	6.5%	–20.3%	37.7%	52.8%

Source: DHET's Statistics on Post-School Education and Training: 2015 page 64. Notes: All value expressed in real 2015 R million. Average annual growth rates estimated via log-linear ordinary least squares.

**Figure 2** Distribution of Levy Funds. Source: DHET, 2018

The SETAs disburse both mandatory and discretionary grant funding to support a number of programme types including: learnerships, internships, artisan development, bursaries, skills programmes, work-integrated learning for public universities and TVET colleges, support for co-operatives, and adult education and training. They also use some of the income for administrative costs. Figure 3 provides a breakdown by SETA of the 2015/2016 expenditure by SETA.

“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” (Mzabalazo & REAL, 2018, p. 79).

## 2015/16 SETA expenditure breakdown

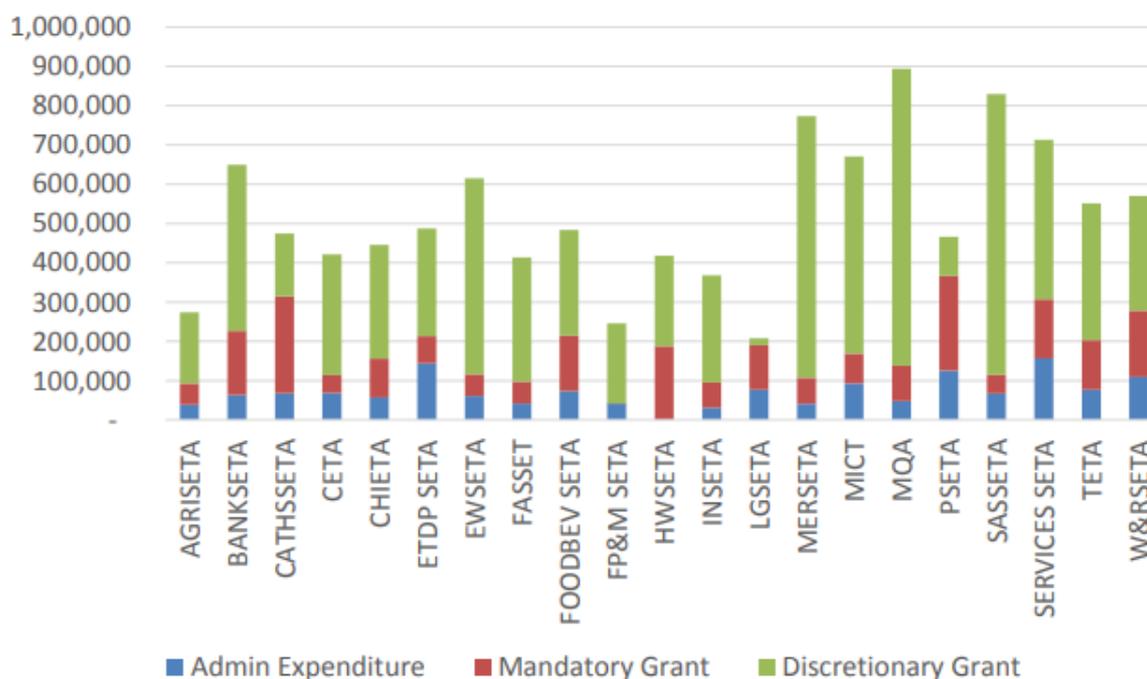


Figure 3 SETA Expenditure Breakdown: Source DHET 2017b

### Mandatory Grants

The National Skills Development Plan has recently reiterated the importance of the Mandatory Grant as a “mechanism to consistently collect reliable and credible data that is most relevant for skills planning and evaluation” (DHET, 2017). It also makes a commitment to paying “20% of the skills development levy to workplaces as per Mandatory Grant process and in accordance with the current focus of the grant.” This recognition of the importance of the Mandatory Grant within the skills planning systems as well as its contribution to workplace-based skills development makes it an important site for M&E. This section of the review provides a brief overview of the Mandatory Grant and current Mandatory Grant processes.

A Mandatory Grant is defined as the funds designated as Mandatory Grants contemplated in Regulation 4 to fund the education and training programmes as contained in the Workplace Skills Plan (WSPs) and Annual Training Plan (ATPs) as submitted by employers to the SETAs. Regulation 4 sets out the criteria under which employers are eligible for receiving Mandatory Grant funding and timelines for submissions of WSP, ATPs and requests for funding. If an employer meets the criteria and the submission requirements, they are eligible for 20% of the total levies they have paid. There is an additional stipulation in the regulations that “the SETA must approve the WSP and ATR to ensure the levy paying employer meets the quality standards set by the SETAs”. In the case of an employer who has a recognition agreement with a trade union or unions in place, there must also be evidence provided that the WSP and ATR have been subject to consultation with the recognised union(s), and the WSP and ATP must be signed by the labour representative. If a levy paying

employer does not claim a Mandatory Grant within the time period specified in the regulations the SETA must transfer the levy paying employer's unclaimed Mandatory Grant to the discretionary grant by 15 August of each year.

The Mandatory Grant is seen to have an important function in the skills planning landscape. It is designed to encourage employers to provide data to the SETA on their workforce and skills needs. This data informs the development of the SSPs by the SETAs. It is therefore imperative that the data provided by employers is accurate and carefully prepared. False information or poor quality planning will result in distortions in the aggregate WSP data which will in turn distort the strategy of the SETA, and may be consolidated up into national PSET planning. It is therefore imperative that WSP and ATR data is monitored and evaluated by the SETAs prior to the disbursement of the Mandatory Grant funding. Guidelines (a minimum requirement) for the submission by employers to the SETAs is provided in Annexure 2 of the Grant Regulations. The submission includes the WSP and PIVOTAL plan. It also includes a section where a firm can provide information on its contribution to scarce skills.

Employers are required to plan and report using the Organising Framework for Occupation (OFO) codes. These codes create a common language for talking about occupations and related skills demand and supply. The SETAs then use the OFO codes to report on scarce and critical skills in their sector skills plans. All grant categories, e.g. learnerships, internships, should be mapped to the occupation for which they prepare learners.

It is clear that plans and reports submitted by employers should be examined to establish credibility, and that SETAs should not simply use the submissions as a trigger for grant payments. If the plans and reports are treated by SETAs purely as compliance measures, employers will treat them in the same way – i.e. without careful and detailed planning. The guidelines for implementing the SETA Grant Regulations acknowledges that: "Poor data submitted to SETAs affects skills planning and identification of scarce and critical skills and there is limited to no verification by the SETA of what employers have reported" (DHET, 2015, p6).

It has been suggested that SETAs should put in place criteria for approval, including evidence requirements, and processes to check a certain number of submissions each year, including visiting a number of employers to view the training that is being done, so as to communicate to stakeholders the importance of accurate plans and reports. *The SETA must put in place quality and accuracy standards for Annexure 2 (of Grant Regulations) as part of its policies and procedures.* These minimum checks must include completed documentation, accurate, verifiable, approved and consulted plans and use of relevant OFO codes at the 6-digit level (DHET, 2015).

## **Monitoring and Evaluation of Mandatory Grant**

In order to develop a deeper understanding of what the accuracy and quality requirements for Mandatory Grants may be, as the basis for developing M&E processes for tracking and improving the Mandatory Grant, it is necessary to understand the skills planning and implementation processes. *It has been noted that one of the reasons that it is difficult to measure and evaluate the impact of SETA skills development interventions, from planning to implementation, is a lack of clear and measurable intention.* DHET (2015, p.6) suggested that this absence of clarity of intention "expresses itself first in the SSP, then in the Strategic Plan and APP, then in the policies and procedures that seem to have

little relevance to achieving the planned impact” (South Africa. Department of Higher Education and Training, 2015a).

Since it is these policies and procedures that guide the disbursement and use of the Mandatory Grant, it follows that if this line of sight, from skills planning to the use of the Mandatory Grant, does not provide a clear and well informed intention, it is unlikely that the aspiration of appropriate skills development will be achieved. Intention needs to go beyond the rules for compliance that are contained in the Skills Levy Act and the SETA Grant Regulations. What is needed is a clear statement of intention, a theory of change, and criteria for evaluating the relevance, effectiveness, efficiency, impact and sustainability of the Mandatory Grant. This section sets out some of the requirements of the Sector Skills Plans, the Strategic Plans, the Annual Performance Plans and the allocation of funds and resources. It also considers the need and possibilities for alignment between these elements of the skills system with regards to the Mandatory Grant.

The Sector Skills Plans are prepared in accordance with the Skills Development Act (Act 97 of 1998 as amended); NSDS III; and the *SSP Framework and Requirements – Sector Skills Plans and Annual Updates 2011-2016* ( DHET, 2015b) The SSP Framework and Requirements document is: “a policy framework for Sector Skills Planning and implementation. It establishes a legislative context for sector skills planning; identifies challenges for SSP research; describes a Sector Skills Plan (SSP) and its purpose, reviews the SSP planning cycle, and sets out the annual time-frames” (DHET 2015b p.15).

The *SSP Framework* prescribes a structure for Sector Skills Plans that consists of six interlocking chapters. These chapters are represented in the diagram below.

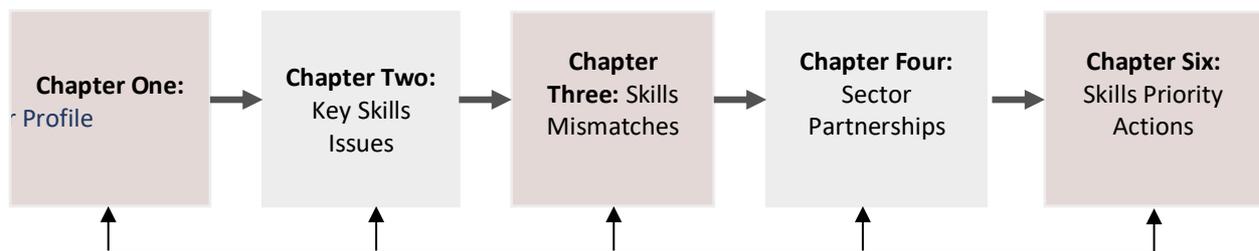


Figure 4: Structure of SSP. Source: DHET 2015, p.28

practice and what to avoid in each chapter. Through this process the SETAs research and articulate what it is that they intend to achieve and what impact they plan to make in the sector, as well as well as the contribution they plan to make to national goals.

Closely linked to the SSP is the Strategic Plan (SP). This is the SETA plan to implement the SSP and it needs to be in the format prescribed for public entities by the National Treasury. This in turn enables a direct link between the Strategic Plan, the Annual Performance Plan and the budget. These links are outlined in the *Framework for Strategic Plans and Annual Performance Plans* from National Treasury, as follows:

“the Annual Performance Plans identify the performance indicators and targets that the institution will seek to achieve in the upcoming budget year. It is important that these performance indicators and targets are aligned across an institution’s annual plans, budgets, in-year and annual reports. In

addition, the process for the production of the Annual Performance Plan should be aligned to the budget process” (National Treasury, 2010, p. 1)

The actual achievements for a particular reporting period with regards to the planned targets and budgets as published in the Sector Skills Plans, the Strategic Plan, the Annual Performance Plan and the budget documents are captured in the Annual Reports. These Annual Reports are an integral part of SETA reporting, and are developed against guidelines from the *Annual Report Guide for Schedule 3A and 3C Public Entities* (South Africa. National Treasury, 2017). The achievements, performance information, outlook, financial position and human resources information of public entities are included in the Annual Report.

The above comprises a complex set of related plans, strategies, action plans and reports and a recent review suggests that:

“Some considerable and targeted SETA-wide capacity enhancement programme may be required to foster the alignment between SSPs, SPs and APPs. This will enable the SETAs to better present their SPs as part of a major contribution towards the achievement of the priority actions identified in the SSP. This will also assist the SETAs to articulate in a clear manner, SSP priorities that culminate into strategic goals and objectives that must be achieved through the implementation of the APP” (Mzabalazo, 2018).

Another element that needs to be considered is that it is from these SSPs that the SETAs need to develop policies and procedures, so that there is alignment between what the SETA states its strategy and plans are, and the regime that it puts in place to achieve this. There are at least three key function of the policies and procedures. The first emanates from our constitutional requirements that government institutions operate in ways that are transparent, fair and achieve value for money when allocation state resources. Policies and procedures thus set out in a manner that is understood by SETA member companies and stakeholders, how grants and SETA funded projects can be accessed. There has been a concern that some SETA policies and procedures introduced requirements that hinder efficiency and effectiveness. As a result of these concerns, processes are currently underway to achieve greater alignment between SETA policies so that all applicants, regardless of sector, will access a single, streamlined system for grant application and allocation.

The second key function of the policies and procedures is to provide a basis for spending funds, without which the annual audits will find the SETAs to be spending funds without a proper mandate. This in turn would result in audit findings by the Auditor General. It is important to note there that the policies provide a clear statement of ‘pre-determined objectives’, against which expenditure can be audited.

The third key function of the policies and procedures is that they set out what the SETA is trying to achieve in a manner that enables the SETA and its stakeholders to understand what is intended, and then to measure the extent to which it has succeeded. The Guidelines on the Implementation of SETA Grant Regulations are clear that:

“In setting out policy for grants, the SETA is stating how it is allocating resources to achieve its strategic goals and objectives and setting out how the SETA will judge the effectiveness of this policies. The SETA is thus putting in place a mechanism for reviewing policy after implementing them over a period of time” (DHET, 2015a).

The current Regulations require SETAs to review the grant policies annually and to ensure that they align to the goals and objectives of the SETA as stated in the SSP, SP and APP.

An initial review of a selection of SETA Mandatory Grant Policies (FP&M SETA; merSETA; Fasset) suggests that the policies tend to focus on the same administrative requirements listed in the Grant Regulations for the disbursement of grant funding. No specific reference is made to the SSP and only one of the policies reviewed (merSETA section 5.1.4) had a specific clause related to the broader policy/ NSDS III intent.

What is evident in the policies is the requirements for submission of a Workplace Skills Plan; Annual Training Plan; PIVOTAL plan; Non-PIVOTAL plan; and PIVOTAL Report where applicable. No guidance is given in the policies reviewed relating to the quality of these plans and reports. It will be necessary to study the templates for these plans in order to inform a consideration of 'accuracy and quality' as required by the Guidelines on the Implementation of SETA Grant Regulations.

A preliminary review of some of the SETA SSPs also revealed both the importance of the workplace plans and reports associated with the Mandatory Grants, and the concerns around the quality of the data received from these plans and reports. The following quote from the MICT SETA is illustrative of these issues:

"An analysis of the Workplace Skills Plan (WSP) and Annual Training Report (ATR) submissions was conducted to determine the level of skills need and supply amongst employers submitting these documents periodically to the MICT SETA. The limitation of this data includes the lack of consistency of employers in submitting WSPs annually. Generally, smaller employers do not submit WSPs. The validity of the WSPs is also dependent on the integrity of data supplied. The OFO codes used in the WSP survey are often vague and may not entirely match with the job descriptions that businesses use. As a result, employers may be choosing the closest approximation to occupations or very broad descriptions that do not identify the specific skills that are in short supply. The data from WSPs is quantitative in nature – at best a snapshot at a particular time in the demand for skilled labour. It does not capture the constantly changing dynamic in skills demand that the MICT sector is prone to given the ever-changing technological landscape. Moreover, the survey is unable to provide explanatory detail behind the WSP figures" (MICTSETA, 2017, p.2).

Based on the recognition that the workplace generated data is limited the SETAs engage in a number of other data gathering strategies including primary research, targeted surveys and interviews, and secondary research focused predominantly on documentation review.

An initial review of the SSPs and the Mandatory Grant Policies reveals very little explicit alignment between the two sets of documentation. There is however also a growing recognition that this alignment needs to be developed. As an example, MICTSETA notes under one of its priorities related to "Improved Access" that "There will be a review of the Grants Policies and Procedures to enable impact across the range of sector development initiatives. Criteria related to the sector and sub-sector needs will be developed to clarify access to grants" (MICTSETA, 2017).

This section suggests that in developing an M&E for the Mandatory Grant, it will be necessary to understand the requirements and possibilities for alignment between the planning, strategic, policy and reporting documents required of the SETAs. This in turn will enable a better understanding and alignment of the M&E requirements of various stakeholders including National Treasury, the Auditor General, the Accounting Authorities of the SETAs, DHET, Parliament, employers and others.

## Monitoring and Evaluation Policy regarding the Mandatory Grant

Given the importance of the Mandatory Grant, both in terms of supporting workplace learning and in terms of ensuring the submission of accurate and quality data to inform the SSP, one would expect to find some direct reference to the Mandatory Grant in the SETA Monitoring and Evaluation policies. Again, a preliminary review of a small sample of SETA M&E Policies revealed almost no direct reference to the Mandatory Grant.

For example, the PSETA Monitoring and Evaluation Framework (2017) for the period 2018-2020 - makes no mention of the Mandatory Grant (PSETA, 2017).

The HWSETA M&E Policy makes no mention of the Mandatory Grant; however, the Monitoring, Evaluation and Reporting Plan (2018) for the period 2018-2020 does. In a table of impact indicators, this document lists “Increased grants funded programmes to develop and address middle level skills in the health and social development sector by 2025” to be achieved and measured. It also included an indicator related to “Strengthened capacity of small and emerging businesses through skills development programmes in the sector funded through HWSETA grants by 2025”. Although Mandatory Grants are not mentioned specifically, it can be assumed that they are included in these indicators (HW SETA, 2018).

In the MICT SETA document entitled “Information on Monitoring and Evaluation” it is noted that M&E ensures that “the disbursed mandatory and discretionary grants are allocated for skills development purposes” and that “workplace skills planning and reporting are aligned to industry critical and scarce skills”. However, no further detail is given on how these specific areas would be monitored and evaluated (MICTSETA, Undated).

While the TETA M&E Framework (2015) claims to “set out the organisation and department's expectations for the monitoring and evaluation of the organisation’s key performance areas, programmes and projects receiving funding through the Discretionary Grant, Mandatory Grant, Project funding of TETA” no other mention is made of the grants in the document (TETA, 2015).

The FP&MSETA Draft M&E Policy Framework (2018) notes that M&E insures that “the disbursed grants are allocated for skills development processes.” It makes no further mention of the mandatory grant (FP&M SETA, 2018).

The FASSET Monitoring, Evaluation and Impact Framework (2016) notes that the plan will concentrate on “Fasset funded interventions (Mandatory Grant and Discretionary Funding)”. It also makes the link between monitoring employers’ participation in the skills development system over time, on the one hand, and allocating value to grants and interventions appropriately, on the other (Fasset, 2018).

The EW SETA Technical Descriptors (2018-2019) makes an explicit connection between the submission and approval of annual WSPs and ATRs and the approvals leading to a mandatory grant claim. A separate indicator focuses on the “number of firms supported with mandatory grants” (EWSETA, 2018).

The ETDP SETA Technical Descriptors contain an indicator entitled “An updated approved annual SSP to inform organisational planning” and then notes that failure to meet this indicator will “result in the inability to identify, plan for and fund the right skills demand through the Mandatory Grant thus failing to meet NSDS III outcomes” (ETDP SETA, 2018).

## Some emerging focus areas

This initial scoping of a few SETA M&E policies and frameworks and Technical Descriptors suggests, firstly, that while some work has been done, further work is needed to link the Mandatory Grant and the plans, strategies and reporting of the SETAs more explicitly in the M&E processes. This insight seems to be supported by a finding in a recent report (Mzabalazo, 2018) that suggests that “At the end of the project, only 6 SETAs were deemed to have allocated their budgets in accordance with grant regulations. Generally, SETAs either do not comply with regulations and/or they do not present their budgets in a way that makes it possible to see whether their allocations are in line with the grant regulations” (p.7). There is, however, another level of detail that needs to be better understood in terms of the monitoring and evaluation of the Mandatory Grant. This is to agree on the multiple functions that the Mandatory Grant serves (e.g. better workplace-based skills planning and implementation/ providing data for skills planning at the sectoral level/ providing influence in terms of the use of public training institutions) and exploring the M&E implications of each of these functions.

It is likely that this deeper level of analysis will reveal a far more sophisticated engagement of M&E policies and frameworks with Mandatory Grants. The implications of this level of analysis is that, as this project develops, it will be necessary to firstly clarify the potential and intended functions of the Mandatory Grant and then to more explicitly align these functions with the M&E frameworks being developed.

Another consideration is the relationship between the SETAs and the employers. This relationship has multiple dimensions and has many implications for the ability of the employers to do sound workplace-based skills planning and implementation, and for the SETAs to do sound skills planning and allocation of grant funding. The NSDS III evaluation has however found that this area of 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 cited in Mzabalazo and REAL, 2018 p.65).

There are also challenges associated with ensuring that employers who are genuinely planning and implementing training, are able to do so on the basis of a regular flow of funds. A commitment to pay grant levies on time and at a minimum on a quarterly basis, is incorporated into a number of SETA monitoring frameworks.

There are also challenges of alignment between SETA planning and evaluation and higher levels of national planning. By way of example, Outcome 5 of the Medium Term Strategic Framework (*A skilled and capable workforce to support an inclusive growth path*) requires that the Minister of Higher Education and Training along with other ministers “Establish a credible institutional mechanism for skills planning”. The links between the Mandatory Grant and the achievement of this Outcome require linkages between SETA level M&E and National level performance M&E activities.

There may also be a need for standardised systems for application, grant disbursement, workplace approval and data management across all of the SETAs. This may also in turn open the opportunity for a more standardised M&E frameworks and technical descriptors across SETAs, and greater alignment between SETA level M&E and the requirements for M&E at a national level, as guided by the DPME and other roleplayers.

## **Summary of Potential areas for Consideration in Mandatory Grant M&E Framework**

Monitoring and Evaluation of:

- consistency in submission of annual data
- attention to data quality contained in employer submissions including need for explanatory details behind the figures given
- the capacity of employers to do skills planning and reporting
- representative in terms of employers making submission (e.g. lack of submissions by smaller employers)
- specificity of OFO code use as well as the level of detail in terms of skills needed for particular occupations
- appropriateness of WSP forms and the move to the Workplace Skills Survey
- the dynamic nature of skills needs and the need for anticipatory skills planning
- disbursement of funds (especially late or irregular disbursement and the impact on employers and skills providers)
- the uptake and use of the employer data
- the different data sets that are being generated and used to triangulate skills planning
- the alignment between the different levels of planning and reporting including the WSP the SSP, the SP, the APP, policies and budgets.

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## Payment Schedule

Tranche	Deliverables	Invoice Date	Amount	Amount inclusive of VAT
1 (25%)	Master Research Plan Approved	23 July 2018		R 55 000.00
2 (25%)	Scoping Report	30 Oct 2018		R 55 000.00
3 (20%)	Draft Report	30 April 2019		R 44 000.00
4 (20%)	Final Framework	31 August 2019		R 44 000.00
5 (10%)	Close out Report	30 Oct 2019		R 22 000.00
	<b>Total Amount</b>			<b>R220 000.00</b>

## Detailed Research Plan

Stage of Research	Activities	Outputs/ Deliverables	Timeframe		Resources Required
			Start	Finish	
1	Finalise Research Plan	Master Research Plan Approved	July 2018	July 2018	Budget for travel during set-up
2	Conduct desk top studies and key informant interviews; plan further sampling	Scoping Report	1 August 2018	30 Oct 2018	Access to documents and contacts; travel budget; research time
3	Further desk top studies, first focus groups with SETAs, interviews with auditors, employers and providers	Draft Report	1 Nov 2018	30 April 2019	Access to documents and contacts; travel and meeting budget (venues, catering); research time
4	Focus groups with key stakeholders, analysis and framework finalisation	Final Framework	1 May 2019	31 Aug 2019	Travel and meeting budgets (venues, catering); research time
5	Produce and present final report	Close out Report	1 Nov 2019	30 Oct 2019	Writing time; travel budget; feedback on draft report; presentation opportunity