NATIONAL SKILLS FUND

2020/21

Annual Performance Plan

higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NSF
National Skills Fund
FUNDING TO SKILL OUR NATION

NATIONAL SKILLS FUND

ANNUAL PERFORMANCE PLAN

FOR 2020/21

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Higher Education and Training
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National Skills Fund
FUNDING TO SKILL OUR NATION

OFFICIAL SIGN-OFF

It is hereby certified that this annual performance plan:

1. Was developed by the management of the National Skills Fund under the guidance of the Minister of Higher Education, Science and Technology, Dr BE Nzimande, MP.
2. Takes into account all the relevant policies, legislation and other mandates for which the National Skills Fund is responsible.
3. Accurately reflects the impact, outcomes and outputs which the National Skills Fund will endeavour to achieve over the period 1 April 2020 to 31 March 2021 given the resources budgeted during the period.

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SUPPORTED BY:

Mr BK Manamela, MP
Deputy Minister: Higher Education, Science and Technology

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EXECUTIVE AUTHORITY STATEMENT

DR BE NZIMANDE, MP
Minister: Higher Education, Science and Technology

The National Development Plan (NDP) recognises education, skills and innovation as key instruments to transform the economy and ultimately combat the triple challenge of poverty, inequality and unemployment.

With a mission to providing skills development funding towards a capable workforce for inclusive growth, the National Skills Fund (NSF) fulfils a key role in realising South Africa's aspirations of an inclusive economy as envisaged by the NDP. Essentially, the NSF remains a critical national skills development resource through the skills development levy and is strategically positioned within the ambit of the Department of Higher Education and Training (DHET). The mandate of the DHET thus provides a key basis for the NSF to strategically contribute to national skills development priorities.

Significantly, the integration of Higher Education and Training together with Science and Technology under a single Ministry – Higher Education, Science and Technology – in the sixth administration holds the potential to open up opportunities in the production of both knowledge and skills. Science and technology can be leveraged to realign, reposition and project the joint capabilities of these two departments and its entities in new ways, and significantly contribute towards South Africa's innovation system.

Notably, the White Paper on Science, Technology and Innovation (WP-STI) is explicit in its policy position focused on strengthening skills in the economy. It states that South Africa requires a diversity in its post-secondary education and that it is necessary to improve the responsiveness of the PSET system to the skills needs of the 21st century, in particular, innovation and technology-driven change that affects organisations and individuals alike. It places responsibility to the NSF to directing its skills funding to improving not only the low skills base, but increasing the pool of students accessing university and science-based technical and vocational education and training (TVET) programmes.

Importantly, the sixth administration of government highlights the need for improved strategic planning and intergovernmental coordination towards the attainment of the objectives of the NDP. As South Africa strives towards overcoming the spatial legacies of underdevelopment inherited from the apartheid and colonial system, the coordination of governments efforts is geared to accelerating the eradication and reduction of poverty, inequality and unemployment. As such, the NSF will,

EXECUTIVE AUTHORITY STATEMENT

through its sustained strategic mandate, contribute to the New District Model, a national spatial development plan launched by the President in 2019 and based on the systematic planning focused on South Africa's forty-four district and eight metropolitan municipalities.

In building the country's capabilities, the Department of Planning Monitoring and Evaluation (DPME)'s *Towards a 25-year Review* identifies education and skills, and the opportunity to work as the elements where South Africa most needs to make progress. In the medium term, this calls for improved access to quality education while unlocking the potential of young people by building their capabilities. While South Africa had realised some gains in promoting access to education and training in the previous 2014-2019 medium term strategic framework (MTSF), much focus is needed to see advancements in vocational training and work experience, particularly for TVET college students and graduates.

In the 2020/21 financial year, the NSF will therefore continue to be a key role-player in realising government's national skills priorities. Consistent with the previous financial year, and as informed by the White Paper for Post-School Education and Training (WP-PSET), the NSF will prioritise the funding of education and training initiatives through the awarding of bursaries and scholarships, funding towards occupational programmes within the public TVET colleges, as well as skills development interventions focused on the youth, small businesses, co-operatives and rural development. Additionally, NSF-funded programmes designed to bring the realm of education closer to the world of work through learnerships, internships and apprenticeship programmes and funding support towards worker education initiatives will continue being a focus of the NSF in the 2020/21 financial year. Another key focus for the NSF from the 2020/21 financial year is the rollout of a layoff training scheme, a skills programme aimed at re-integrating people who had once been employed back to the labour market or upskilled to pursue entrepreneurial ventures.

Additionally, the advent of the fourth industrial revolution (4IR) demands that young people be equipped with the necessary skills to cope with a changing world of work and opportunities. As part of a renewed commitment to producing a skilled and capable workforce to help forge a national knowledge economy, government is assisting with the provision of high-speed, broadband connectivity to all 50 public TVET colleges across the country. Funded by the NSF, the project also remains a key focus in the 2020/21 financial year in a bid to strengthen the TVET college system.

Another priority in terms of skills infrastructure in the 2020/21 financial year is the completion of the TVET campuses being built by the DHET in rural or semi-rural areas of the country with funding from the NSF.

Looking ahead, with the backing of my office and the Accounting Authority, the Director-General of Higher Education and Training, the NSF is committed to staying on course in the implementation of the national government's skills development priorities, while maintaining a considered funding approach to ensure maximum impact in contributing to the triple challenge of poverty, inequality and unemployment.

DR BE NZIMANDE, MP
MINISTER: HIGHER EDUCATION, SCIENCE AND TECHNOLOGY
EXECUTIVE AUTHORITY OF THE NATIONAL SKILLS FUND

DEPUTY MINISTER STATEMENT

MR BK MANAMELA, MP
Deputy Minister: Higher Education, Science and Technology

When South Africa continues to be faced by the increasing rate of unemployment, the absorption of young people into the formal economy remains a major government priority focus in the medium term. The current socio-economic environment therefore requires skills institutions to become agile and cushion young people and vulnerable communities from the effects of poverty, inequality and unemployment.

Consequently, the medium term strategic framework (MTSF) has specific targets on creating and increasing access to post-school education and training (PSET) opportunities and ensuring quality skills development. Essentially, the education, training and innovation system should produce adequate skills and knowledge to meet the current and future needs of the economy and society. Research and development needs to be expanded to ensure that it contributes towards building an inclusive society and to support a growing and competitive economy.

Notably, in implementing the objectives of the National Skills Development Strategy (NSDS) III, the NSF had realised some reasonable success to expanding skills programmes and learnership opportunities to all provinces and done well in focusing resources towards the youth. However, in the 2020–2025 strategic period, the NSF must further build on these NSDS III achievements.

Consequently, the National Skills Development Plan (NSDP) 2030 provides the NSF with a renewed impetus to sharpen its strategic focus. As expressed in the NSDP 2030, there is great expectation that the NSF will continue to train an increased number of unemployed people for the labour market or self-employment, while addressing the needs of the poor, prioritising the cohort not in employment, education nor training (NEET), and supporting wider government strategies such as youth programmes, building small businesses and co-operatives, as well as rural development.

It is foreseen that the 4IR will result in a further shift from labour-intensive production to knowledge and skills-intensive production. South Africa will need an adequate pool of expertise to propel the adoption and use of emerging technologies. Even though South Africa has a strong innovation culture and entrepreneurial activity that is supported by a well-established financial sector, human capital remains the most pressing challenge in preparing for the future of production.

DEPUTY MINISTER STATEMENT

Therefore, while emerging technologies may have stimulating implications from a productivity, efficiency and creativity perspective, the real impact will be felt at a human development level by those who are not skilled for the 21st century technologies. Hence, in the five-year strategic period, the NSF should play an active role in funding the development of some of the foundational skills needed for the 4IR.

Importantly, attempts to raise South Africa's potential growth rate must include progress on the fundamental building blocks of long-run sustainable growth. In the PSET environment, this includes enhancing the relevance of the PSET sub-systems by better aligning the learning outcomes to labour market needs. It includes youth employment interventions such as government programmes that incentivise job creation such as learnerships and internships, as well as apprenticeships that facilitate school-to-work transition based on the close cooperation between institutions of learning and the private sector.

With the view to expanding and integrating the PSET system, in the medium term, the NSF remains an important source of funding to enable linkages between the skills system and other post-schooling sub-systems. As such, the NSF will continue to be responsible for building linkages within the skills system and funding skills development capacity in public education and training institutions.

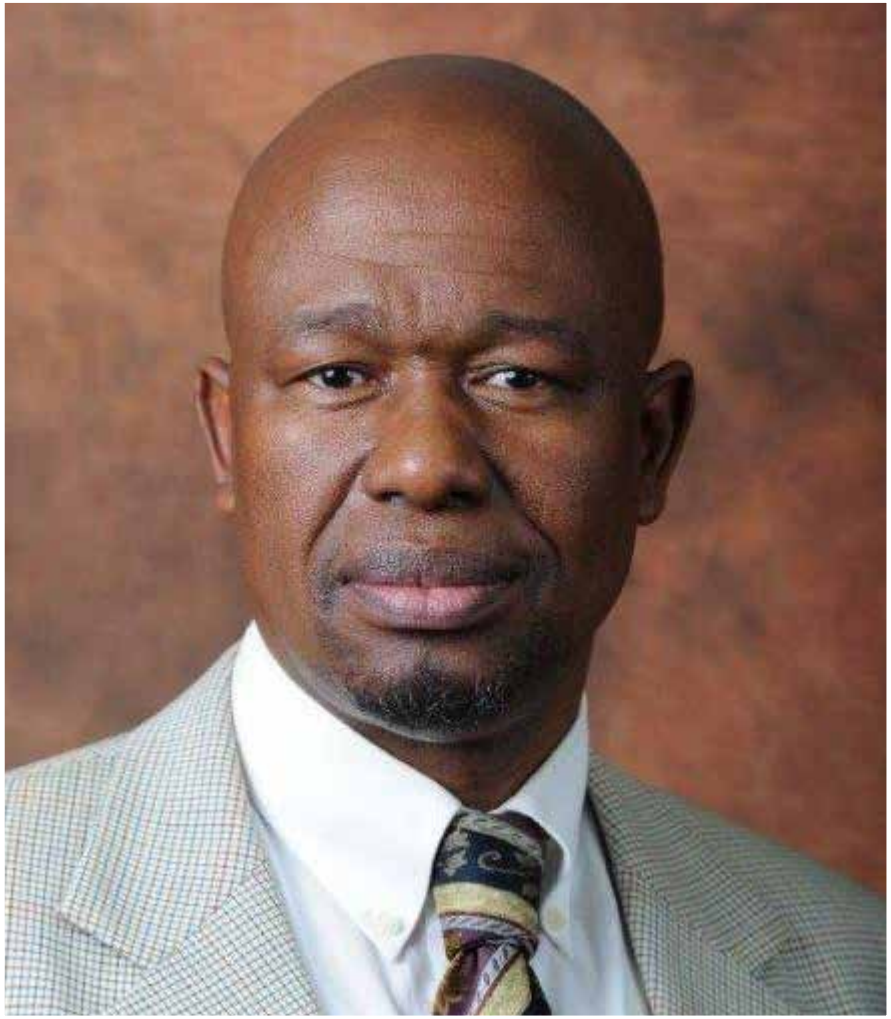
Critically, South Africa is confronted with a shortage of qualified artisans to sustain industries and support economic growth. In line with the NDP which amplifies government strategic infrastructure projects aimed at enabling economic growth, as well as the production of 30 000 artisans per annum by 2030, the DHET has identified artisan development as one of the priority areas for skills development.

In a bid to boost artisan development, the NSF will implement a new artisan development programme in the 2020/21 financial year through skills development disbursements to skills development providers. This will further add to the existing artisan development programmes that the NSF will continue to fund in the 2020/21 financial year. The existing NSF-funded artisanal programmes include: the DHET's flagship artisanal Centres of Specialisation (CoS) programme being implemented at 26 TVET college campuses and focused on 13 priority artisanal trades; and the implementation of a single national artisan trade testing and certification system across all economic sectors that are quality assured by the Quality Council for Trade and Occupations and implemented by the National Artisan Moderation Body (NAMB). It also includes the Artisan Recognition of Prior Learning (ARPL) being implemented by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments (INDLELA).

The NSF 2020/21 Annual Performance Plan is modest in its projections of targets owing to a decline in its resource base in the previous five-year strategic period and the increasing competing priorities within the PSET system. However, it will guide the entity as it attempts to balance the demand to invest in national priorities and contribute to building a vibrant, integrated and progressive PSET system.

MR BK MANAMELA, MP
DEPUTY MINISTER: HIGHER EDUCATION, SCIENCE AND TECHNOLOGY

ACCOUNTING **AUTHORITY STATEMENT**



MR GF QONDE
Director-General of Higher Education and Training

South Africa's skills system operates within a sound policy environment and has the full support of the sixth administration of government. This stable, enabling environment provides a defined course for the NSF to continue to provide its catalytic funding towards education, training and innovation, as a means to improve the employability and entrepreneurial potential of South Africans, and reduce unemployment, inequality and poverty.

With a single purpose of funding to skill our nation, the NSF has made a positive contribution towards the advancement of some of the most pressing post-school education and training (PSET) priorities. For instance, through the funding of education and training programmes, the NSF funded the education and training of 59 051 beneficiaries during the 2019/20 financial year, with 10 223 being bursary and scholarship recipients pursuing undergraduate and postgraduate qualifications. A majority of funded learners were pursuing priority occupations (33 905) and were from rural areas (34 925). The 59 051 learners were made up of 35 291 female learners (60%) and 23 760 male learners (40%). The other NSF education and training beneficiaries, mainly young people not in employment, education nor training (NEET), participated in NSF-funded learnerships and skills programmes implemented through skills development service providers.

In building the skills base of small, medium and micro enterprises (SMMEs) and co-operatives, the NSF funded 786 emerging enterprises in the previous financial year. A further 4 480 learners were funded by the NSF during this period for skills programmes through SMMEs and co-operatives skills programmes. Notably, the long term partnership between the DHET and the Department of Small Business Development, through its entity, the Small Enterprise Development Agency (SEDA), contributed to the magnitude of SMMEs and co-operatives funded for skills development achieved in this period. Additionally, through community and non-profit organisations and non-governmental organisations, the NSF funded the education and training of 8 959 learners and an additional 678 learners, respectively.

The DHET's flagship artisanal CoS Programme being implemented at 26 TVET campuses is one of the key programmes the NSF has funded in the previous year with the view of expanding and integrating the PSET system. Additionally, in the 2018/19 financial year, the NSF had 16 skills infrastructure projects valued at R2.5 billion aimed to expand, integrate and improve the effectiveness of the PSET system through skills infrastructure development.

ACCOUNTING **AUTHORITY STATEMENT**

The DHET's intensified focus toward expanding access to post-school opportunities informs the NSF's continued commitment to providing funding to expand access to PSET opportunities: by not only focusing on universities enrolments, but also increasing enrolment at the TVET and CET colleges, as well as boosting artisans and work-based learning. As a catalytic fund, the entity will also continue its enabling role towards the development of a responsive PSET system, improved quality of PSET provisioning, and improved success and efficiency of the PSET system.

Importantly, poverty will remain a critical lens of priority for the NSF, and the introduction of the New District Model will enable the NSF to identify, target and support the areas in the lowest poverty indexes.

Realising improvements in planning is also dependent on strengthening research capabilities. As such, the NSF is also strengthening its research capabilities and in the 2019/20 financial year commenced with an evaluation study to examine the impact of its funded interventions in the period 2015-2019.

This annual performance plan is consistent with the NSF 2020-2025 strategic plan and has aligned its objectives to key government policy instruments such as the NDP, while addressing the most salient post-school priorities as expressed in the WP-PSET, NP-PSET and NSDP 2030.

While the NSF is tasked with the broad responsibility to initiate as well as respond to national skills priorities, in the 2020/21 financial year, this implies that the NSF must maintain focus on identifying and targeting gaps in resource shortages and catalytic partnership opportunities for national priorities. In so doing, this annual performance plan will guide the NSF management, staff, its implementing partners and PSET stakeholders as they navigate the task of allocating resources to meet not only the priority skills needs of the country, but to also assist in building the capacity of the post-school system.

MR GF QONDE
DIRECTOR-GENERAL OF HIGHER EDUCATION AND TRAINING
ACCOUNTING AUTHORITY OF THE NATIONAL SKILLS FUND

PURPOSE OF THIS **DOCUMENT**

The NSF Annual Performance Plan (APP) highlights the NSF's strategic foundation as well as the performance and financial plan for the 2020/21 financial year. It is the outcome of an annual planning process that sets targets for the first year as well as projections for the rest of the five-year period. The strategic elements, namely the NSF's vision, mission and values, represent the long-term direction that guides the annual planning process. These strategic elements are normally reviewed over five-year periods.

The APP has been compiled based on the requirements of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) and the Department of Planning, Monitoring and Evaluation (DPME) revised framework and guideline for strategic plans and annual performance plan:

- National Treasury Instruction Note 5 of 2019/20 issued on 14 January 2020.
- Revised Framework for Strategic Plans and Annual Performance Plans issued on 14 January 2020.
- Guidelines for the Implementation of the Revised Framework for Strategic and Annual Performance Plans issued on 14 January 2020.

The APP will guide the work of the NSF and serves as a basis for an assessment of the NSF's performance by stakeholders for the 2020/21 financial year: 1 April 2020 to 31 March 2021.

DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

In the sixth administration of government, the Department of Planning Monitoring and Evaluation (DPME) issued a draft revised Strategic Planning Framework and Guideline in January 2020. In addition, the DPME issued the five-year implementation plan of the NDP for the period 2020–2025 in order for departments and entities to align their plans with the objectives of the NDP. The revised framework and guidelines seeks to improve planning and effective implementation of government programmes.

In addition, the NSF management engaged with and discussed the policies, plans and strategic documents that inform the development of its final strategic planning framework. The NSF also engaged with and discussed the outcome of the audit of the entity for the period 2018/19 as well as the assessment of the organisational performance as per the performance information from 1 April 2015 to the end of quarter 1 of 2019.

Further, the NSF assessed the draft MTSF of the DHET. The NSF management identified outcomes to which the NSF will contribute in line with its mandate and objectives. These draft inputs were presented to the Minister of Higher, Education and Technology on 22 August 2019. Further, the NSF participated in the strategic planning session of the DHET convened on 28–30 August 2019. These processes and engagements provided the basis for the NSF to prepare its draft strategic plan and APP for the financial years commencing 1 April 2020 up to 31 March 2025. In addition, the NSF held a strategic planning session on 12–13 September 2019 to discuss debate and prepare the NSF 2020-25 Strategic Plan and 2020/21 APP.

Lastly, in terms of section 5 of the Skills Development Act (SDA), 1998 (Act No. 97 of 1998), one of the functions of the National Skills Authority (NSA) is to advise the Minister on the strategic framework and criteria for allocation of funds from the NSF. The NSF will therefore, as in the past, table this strategic plan to the NSA for consideration in the presentation thereof to the Minister of Higher Education, Science and Technology and the Director-General of the DHET, as the executive and accounting authorities of the NSF, respectively.

PART A
OUR MANDATE

PART A OUR MANDATE

CONSTITUTIONAL MANDATE

The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) (the Constitution) is the supreme law of the country; thus all laws of the country must be consistent with the Constitution. All government institutions and entities derive their mandate from the Constitution. The Constitution makes provision for other legislations regarding planning and performance monitoring across the three spheres of government.

"The National Skills Fund derives its mandate from section 28(1) and section 30B of the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA). The SDA is in support of section 29(1) of the Bill of Rights, as enshrined in the Constitution, which outlines that everyone has the right to further education, which the state, through reasonable measures, must make progressively available and accessible."

LEGISLATIVE AND POLICY MANDATES

i) Established in terms of the Skills Development Act

The NSF was established in 1999 in terms of section 27(1) of the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA), stating the following: "The National Skills Fund is hereby established". The NSF is thereby not established with legal persona.

In terms of section 29(1) of the SDA, the Director-General of Higher Education and Training is the accounting authority of the NSF as contemplated by section 49(2)(b) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

In terms of section 29(1)(d) of the SDA, the Director-General of the Higher Education and Training must, subject to the laws governing the public service, appoint the executive officer of the NSF who will, upon such appointment, be in the employ of the public service.

ii) Listed as a Schedule 3A public entity in terms of the PFMA

On 12 October 2012, the Minister of Finance listed the NSF as a Schedule 3A public entity in terms of the PFMA, retrospectively effective from 1 April 2012 (Notice No. 821 in Government Gazette No. 35759).

The listing of the NSF as a public entity does not determine the legal persona status of the NSF, but prescribes the compliance framework that the NSF must adhere to in terms of the PFMA. The legal persona status is determined by the NSF's founding legislation, namely the SDA.

THE PURPOSE OF THE SDA IS TO:

- Ensure credible labour market analysis to provide a supply and demand analysis of national skills priorities.
- Require alignment with policies of the state and the DHET.
- Develop the skills of the South African workforce.
- Increase the levels of investment in education and training in the labour market.
- Encourage employers to use the workplace as an active learning environment.
- Encourage worker to participate in learning programmes.
- Improve the employment prospective of South African citizens specifically those who are previously disadvantaged.
- Ensure the quality of learning in and for the workplace, and ensure quality of provision delivery in line with the establishment of QCTO.
- Establishment of the NSF as well as other skills levy institutions that must collaborate in order to achieve the objectives of the SDA.
- Make provision for financing through the skills levy.

iii) Mandate of the National Skills Fund

The money of the NSF may be used for the primary objectives as defined by the prescripts of the SDA, namely:

- To fund projects identified in the national skills development strategy as national priorities (section 28(1) of the SDA).
- To fund projects related to the achievement of the purposes of the SDA as the Director-General determines (section 28(1) of the SDA).
- To fund any activity undertaken by the Minister to achieve a national standard of good practice in skills development (section 30B. of the SDA).
- To administer the NSF within the prescribed limit (section 28(3) of the SDA). Regulations to prescribe the limit for the administration of the NSF at 10% of revenue have been approved and published in Notice No. R.1030, Government Gazette No. 33740 dated 8 November 2010.

iv) Revenue sources of the National Skills Fund

The current main revenue sources for the NSF are:

- 20% of the skills development levies as contemplated in the Skills Development Levies Act (SDLA), 1999 (Act No. 9 of 1999).
- Interest earned on investments held at the Public Investment Corporation (PIC).

PART A OUR MANDATE

The NSF may also receive revenue from the following sources:

- The skills development levies collected and transferred to the NSF, in terms of the SDLA in respect of those employers or sectors for which there is no Sector Education and Training Authority (SETA).
- Money appropriated by Parliament for the NSF.
- Donations to the NSF.
- Money received from any other source.

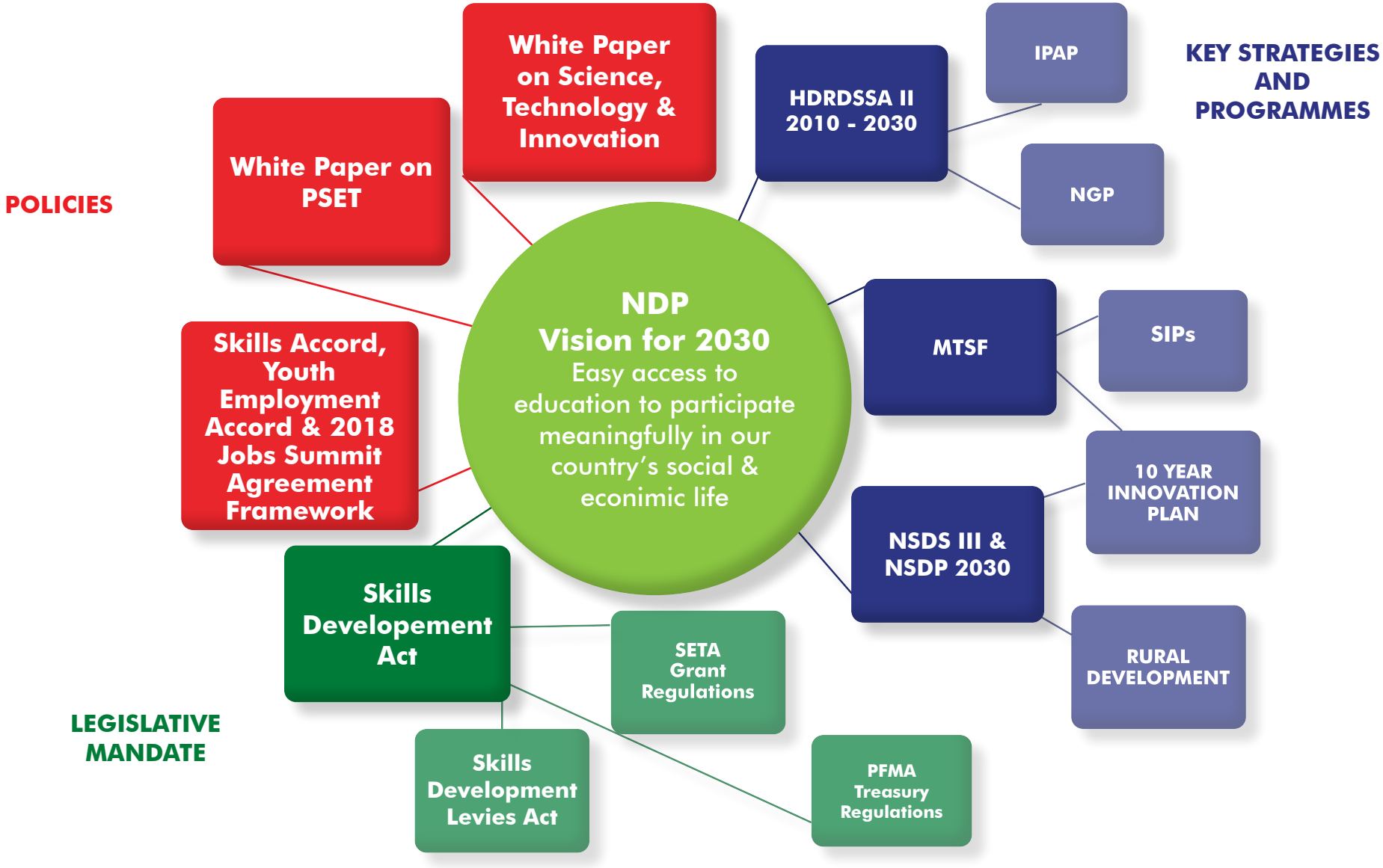
v) Retention of accumulated surplus

In terms of section 29(3) of the SDA, the unexpended balance in the NSF at the end of the financial year must be carried forward to the next financial year as a credit to the NSF.

vi) Other key legislation applicable to the NSF

executive and accounting authorities	Summary of its purpose
National Qualifications Framework (Act No. 12 of 2019)	• Creates a single integrated national framework for learning. • Facilitates access to education, training and career paths. • Enhances the quality of education and training. • Creates a single integrated national framework for learning. • Accelerates the redress of past unfair discrimination. • Allows for the South African Qualifications Authority (SAQA) and the quality councils to oversee the NQF. • Recent amendments make provision for skills development providers to be registered, processes for verification, and offences and penalties that have a bearing on fraudulent qualifications.
Workplace Based Learning Programme Regulations of 2018	The NQF: Provides a framework for the types of workplace based learning provision through PSET (inclusive of funding steered through NSF and SETAs). Provides for administration and role of parties to workplace based learning including employers, learners, education and training providers, quality councils and the DHET.
SETA Grant Regulations, 3 December 2012, Vol. 570, 35940	While developed for SETAs, the SETA grant regulations provides a benchmark for the management of the skills levy including the thresholds for administration costs and the governance and operational considerations for managing skills levies.
Spatial Planning and Land Use Management (SPLUMA), 2013 (Act No. 16 of 2013)	The Spatial Planning and Land Use Management Act (2013) was adopted shortly after the introduction of the NDP. SPLUMA is an important component of the drive to set the broad spatial agenda of the country, promoting the development principles of spatial justice, spatial sustainability, efficiency, spatial resilience and good administration.
The South African Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005)	Emphasises that "the three spheres of government are distinctive, interdependent and interrelated". All three spheres of government (local, provincial and national) are autonomous. Notwithstanding their autonomy, the three spheres of government must plan together for the utilisation of scarce resources and to ensure achievement of government priorities.

INSTITUTIONAL POLICIES, LEGISLATION AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD



PART A OUR MANDATE

INSTITUTIONAL POLICIES, LEGISLATION AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

i) National Development Plan (NDP) 2030

The NDP 2030 is the over-arching long term strategy of government aiming to eliminate poverty and reduce inequality by 2030, among other policy imperatives. It serves as the single most important longer term strategy to which all strategies of government must be aligned.

This strategic plan of the NSF is comprehensively aligned to the objectives of the NDP. The NDP places the following specific funding responsibility on the NSF:

> "Training for start-ups and emerging businesses, rural development, adult basic education and training, and community development should be supported by money from the National Skills Fund and managed by relevant departments or agencies, such as Small Enterprise Development Agency, Kha Ri Gude and the National Youth Development Agency. This would enable the National Skills Fund to focus on large skills development programmes that form part of a broader programme. This would simplify the grant funding mechanism by supporting fewer, but larger programmes" (NDP, p. 286).

The NDP further outlines specific objectives and actions aimed at improving the education, training and innovation system. The following objectives, as outlined in the NDP towards improving the education, training and innovation system, may entail additional funding responsibilities being placed on the NSF in contributing towards achieving these objectives and implementing the relevant actions:

- Expand the college system with a focus on improving quality. Better quality will build confidence in the college sector and attract more learners. The recommended participation rate of 25% would accommodate about 1.25 million enrolments.
- Provide 1 million learning opportunities through CET centres.
- Produce 30 000 artisans per year.
- Increase enrolment at universities by at least 70% by 2030 so that enrolments increase to about 1.62 million from 950 000 in 2010.
- Increase the number of students eligible to study towards mathematics and science degrees to 450 000 by 2030.
- Increase the percentage of PhD qualified staff in the higher education sector from the current 34% to over 75% by 2030.
- Produce more than 100 doctoral graduates per million per year by 2030. That implies an increase from 1 420 in 2010 to well over 5 000 a year.
- Expand science, technology and innovation outputs by increasing research and development spending by government and through encouraging industry to do so.

Actions outlined in the NDP for technical and vocational education and training:

- Support the development of specialised programmes in universities focusing on training college lecturers and provide funding for universities to conduct research on the vocational education sector.
- Build the capacity of TVET institutions to become preferred institutions for vocational education and training. Learners should be able to choose the vocational pathway before completing Grade 12. Expand the geographical spread of TVET institutions.
- Build a stronger relationship between the college sector and industry. SETAs have a crucial role in building relationships between education institutions and the employers.

Actions outlined in the NDP for higher education:

- Implement a national programme to develop the next generation of academics for South African higher education.
- Complete the construction of two new universities in Mpumulanga and the Northern Cape, new medical schools in Limpopo and a number of academic hospitals; expand the infrastructure of existing institutions and allow all universities to use distance education to reach more learners.
- Provide an option of a four-year university degree, combined with bridging courses and more support for universities to help students from disadvantaged backgrounds.
- Provide all students who qualify for the National Student Financial Aid Scheme (NSFAS) with access to full funding through loans and bursaries to cover the costs of tuition, books, accommodation and other living expenses. Students who do not qualify should have access to bank loans,

backed by state securities. Both the NSFAS and bank loans should be recovered through arrangements with South African Revenue Service (SARS). Service-linked scholarships should be available in areas such as nursing, teaching and social work.

ii) White Paper for Post-School Education and Training (WP-PSET)

The WP-PSET sets out government's vision for an integrated system of PSET that is able to respond to the needs of the South African society and economy. It outlines policy directions to guide the DHET and the institutions for which it is responsible in order to contribute to building a developmental state with a vibrant democracy and a flourishing economy. Its main policy objectives are:

- A post-school system that can assist in building a fair, equitable, non-racial, non-sexist and democratic South Africa.
- A single, coordinated PSET system.
- Expanded access, improved quality and increased diversity of provision.
- A stronger and more cooperative relationship between education and training institutions and the workplace.
- A PSET system that is responsive to the needs of individual citizens, employers in both public and private sectors, as well as broader societal and developmental objectives.

Among others, the WP-PSET directs attention to critical improvement and capacitation areas within the PSET system integration that include:

- TVET college capacitation and infrastructure.
- Educational institution and employer partnerships and work integrated learning.
- Artisan development strategy operationalisation.
- Recognition of prior learning.
- Community colleges and public adult learning centre development.
- Development of scarce and critical skills (occupations in high demand)
- Education and training improvement.

iii) National Skills Development Plan (NSDP) 2030

The NSDP was approved by the Minister of Higher Education and Training on 7 March 2019 for implementation with effective from 1 April 2020. The vision of the NSDP is "an educated, skilled and capable workforce for South Africa".

The 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 and institutions. It mainly seeks to further integrate skills development interventions within the PSET system in order to address the triple challenge of high levels of unemployment, poverty, and inequality, through skills development interventions such as learnerships, apprenticeships and other forms of workplace based learning. It is envisaged that improving and increasing access to occupations in high demand and priority skills will contribute to supporting economic growth, employment creation and social development. The NSDP will contribute to strategies and priorities of various sectors of the economy, with an emphasis on inclusive growth and employment generation, as set out in the NDP, Industrial Policy Action Plan (IPAP) and other key policy documents of government.

The NSDP further outlines the following national priority outcomes that will take precedence in the NSF:

- **Outcome 1:** Identify and increase production of occupations in high demand
- **Outcome 2:** Link education and the workplace
- **Outcome 3:** Improve the level of skills in the South African workforce
- **Outcome 4:** Increase access to occupationally directed programmes
- **Outcome 5:** Support the growth of the public college system
- **Outcome 6:** Skills development support for entrepreneurship and co-operative development
- **Outcome 7:** Encourage and support worker initiated training
- **Outcome 8:** Support career development services

Transformational imperatives

In addition, the NSDP continues to focus on the societal transformational imperatives and parameters enunciated in the NSDS III and remains relevant in the South Africa's socio-economic climate, and which are:

- **Gender:** provide more access opportunities for women
- **Youth:** increase access opportunities for youth
- **Geography:** focus toshift to previously neglected rural areas
- **Race:** programmes to address racial skill disparities
- **Class:** redress imbalances brought about by class
- **People with disability:** avail more training and workplace opportunities for disabled people

- **HIV/AIDS:** programmes to embrace awareness and education advocacy on HIV/AIDS.
- **Equity and Access:** Provide access and reduce inequality through increase access to those who are previous disadvantaged

iv) Human Resource Development Strategy of South Africa (HRDSSA) 2010–2030

The HRDSSA is the long-term overarching strategy to drive human development in the country. The funding strategy of the NSF responds to and supports priorities that emanate from the following commitments of the HRDSSA:

- **Commitment 1:** We will urgently overcome the shortages in the supply of people with the priority skills needed for the successful implementation of current strategies to achieve accelerated economic growth.
- **Commitment 2:** We will increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities.
- **Commitment 3:** We will ensure improved universal access to quality basic education and schooling (up to Grade 12) that is purposefully focused on: (a) achieving a dramatic improvement in the education outcomes for the poor, (b) equipping learners with optimal capacity for good citizenship, and (c) the pursuit of post-school vocational education and training for employment.
- **Commitment 4:** We will urgently implement skills development programmes that are purposefully aimed at equipping citizens with requisite skills to overcome related scourges of poverty and unemployment.
- **Commitment 5:** We will ensure that young people have access to education and training that enhances opportunities and increases their chances of success in further vocational training and sustainable employment.
- **Commitment 6:** We will improve the technological and innovation capability and outcomes within the public and private sectors to enhance our competitiveness in the global economy and to meet our human development priorities.
- **Commitment 7:** We will ensure that the public sector has the capability to meet the strategic priorities of the South African developmental state.
- **Commitment 8:** We will establish effective and efficient planning capabilities in the relevant departments and entities for the successful implementation of the HRDSSA.

v) Medium Term Strategic Framework (MTSF) 2020–2025

The MTSF is government's strategic planning framework for the 2020–2025 electoral term. This is the government's monitoring framework for the NDP five-year implementation plan during the electoral cycle. It reflects how government will measure its progress against the commitments made in the election manifesto of the governing party and the NDP five-year implementation plan. It is a basis for measurement of government performance and must be aligned with measurement of performance at the national, provincial and local government spheres. The MTSF sets out the actions government will take and targets to be achieved.

By 2030, South Africa should have access to education and training of the highest quality, leading to significantly improved learning outcomes. The education, training and innovation system should cater for different needs and produce highly skilled individuals. The graduates of South Africa's universities and TVET Colleges should have the skills and knowledge to meet the present and future needs of the economy and society.

Government has identified seven priorities derived from the Electoral Mandate and the State of the Nation Address:

- **Priority 1:** Economic transformation and job creation
- **Priority 2:** Education, skills and health
- **Priority 3:** Consolidating the social wage through reliable and quality basic services
- **Priority 4:** Spatial integration, human settlements and local government
- **Priority 5:** Social cohesion and safe communities
- **Priority 6:** A capable, ethical and developmental state
- **Priority 7:** A better Africa and world

Priority 2, namely education, skills and health is relevant to the NSF as a public entity under the auspices of the DHET. This priority contributes to pillar 2 of the three NDP pillars that is "Capabilities of South Africans".

Further, emanating from the MTSF and the State of the Nation Address, of February and June 2019, there are 14 priority economic sectors to sstrengthen coordination interventions of the state over the next five-year period. In addition, a more targeted and consolidated approach has been conceptualised for spatial integration. As a national entity, the NSF will be required to prioritise these interventions. The NSF will be required to undertake more detailed research and planning into order to collaborate and support the attainment of the priorities of the MTSF in so far as it relates to the mandate of the NSF.

vi) DHET Strategic Plan 2020–2025

The DHET has been set the follow four (4) outcomes in line with the MTSF, and these priority outcomes will steer the NSF to contribute to the achievement of the MTSF outcomes:

- **Outcome 1:** Expanded access to PSET opportunities
- **Outcome 2:** Improve success and efficiency of the PSET system
- **Outcome 3:** Improve quality PSET provisioning
- **Outcome 4:** Create a responsive PSET system

1) Expanded access to PSET opportunities

The WP-PSET targets enrolments of 1 million students in CET colleges, 2.5 million in TVET colleges and 1.6 million in higher education institutions by 2030. Given the 2017 enrolments of 258 199 CET students, 688 028 TVET students and 1.2 million higher education students, the size and shape of the PSET system will change markedly over the next 10 years. It is envisaged that the TVET sector will become the biggest sector, with the CET sector approaching the enrolment size of the public higher education sector. Enrolments in technical and vocational programmes are expected to increase considerably compared to current enrolments, in order to both expand entry-level access to the world of work in various trades and occupations, and to prepare students for entrepreneurship or self-employment.

The expansion of the PSET system requires a careful, judicious and systematic enrolment planning process that is in line with available resources, capacity and funding. Targeted interventions will therefore be developed to ensure equitable participation that is supported by increased numbers of quality staff, affordable fees and inclusive and sustainable financial aid. In addition, institutional differentiation is necessary to foster a wider variety of modalities of provision, learning programmes and pedagogy, to cater for diverse student and employer needs, and to permit all PSET institutions (public and private) to develop niche areas that respond to national development imperatives.

2) A responsive PSET system

As the WP-PSET points out, the PSET system is an important institutional mechanism that must be responsive to the needs of society. Improved responsiveness entails developing a better understanding of demand and supply, which in turn requires enhanced liaison and engagement with communities at local, regional and international levels, as well as socially responsive research, collaboration, partnerships and capacity building. The objective is to provide qualification programmes and curricula that are responsive to the needs of the world of work, society and students. Greater cooperation is envisaged between PSET institutions and the world of work, with a specific focus on the connections and interactions between provider institutions and skills levy institutions, and between provider institutions and employers, particularly but not only for workplace-based learning purposes and for strengthening research and innovation. Strengthening workplace-based learning at system and institutional levels, as well as encouraging employers to participate therein, will help to improve education and employment outcomes, as will greater industry involvement in the financing of research and development and in developing partnerships and promoting synergies with higher education institutions and research councils.

3) Improved quality of PSET provisioning

If the 2030 targets are to be met, every institution across the entire PSET system will need to improve the quality of its provision. It will be wasteful and negligent to permit quality to lag while access expands. The quality of teaching and learning, research, management and governance, staff, quality assurance and infrastructure need to be improved in order to improve the quality of PSET provision. Most importantly, the quality of PSET teaching and learning must be prioritised. Better learning will be supported by improving and diversifying student services, housing, foundational programmes and modes and models of programme delivery. Better teaching will be supported by increasing the numbers, quality and qualifications of lecturers, especially but not only black academics at senior levels. At the same time, lecturers' pedagogical, curriculum development and research capacities will be improved,

together with their abilities to harness digital technologies to support teaching and learning in innovative ways. The development of digital pedagogies will be supported. Institutional governance, leadership and management, including student leadership, will be strengthened, so that together they can realise their own quality institutional goals while driving their sector forwards in pursuit of national objectives.

4) Improved success and efficiency of the PSET system

The quality of provision as indicated above is premised on qualified, experienced and committed staff, informed, caring, focused and reliable student support services, and adequate and available infrastructure. Increased efficiency and success across all PSET sectors will promote a culture of completion, which in turn will not only improve cost-effectiveness, build work-readiness and facilitate employment but also help to embed lifelong learning capabilities among citizens.

vii) White Paper on Science, Technology and Innovation (WP-STI)

In May 2019, the President of South Africa in the sixth administration of government reconfigured a number of Ministries and departments. A new Ministry of Higher, Education and Technology was pronounced, with Dr BE Nzimande appointed as the first Minister in the portfolio. Consequently, the Minister of Higher Education and Technology is the Executive Authority for the DHET and the Department of Science and Innovation. The new configuration has a number of policy and system opportunities for South African citizens and the state. Both departments have approved white papers, namely; the WP-PSET issued in 2017 and the WP-STI issued in March 2019.

In successful and leading skills development systems globally, some of the success has been attributed to the alignment to industrial policies, fiscal wide policies and incentives as well as close relations with systems of innovations and patent developments. While the departments hadnot been merged at the time of preparing this plan, the processes of collaboration and alignment between the two departments informed by the white papers are underway.

The WP-STI "sets the long-term policy direction for the South African government to ensure a growing role for science, technology and innovation in a more prosperous and inclusive society. It focuses on using science, technology and innovation to accelerate inclusive economic growth, make the economy more competitive, and improve people's daily lives. It aims to help South Africa benefit from global developments such as rapid technological advancement and geopolitical and demographic shifts, as well as respond to the threats associated with some of these global trends" (WP-STI, p. x). The vision set out is "science, technology and innovation enabling inclusive and sustainable South African development in a changing world" (WP-STI, p. 11), with the objectives of:

- Improved coherence and coordination
- Increased National System of Innovation (NSI) partnering between business, academia, government and civil society
- Strengthened and transformed NSI institutions
- Increased human capabilities
- Expanded research enterprise
- Enhanced enabling environment for innovation
- Improved funding across the NSI

These WP-STI objectives coupled with the scope of emerging trends, technology and innovation that is inclusive of the green economy, the circular economy and the 4IR will provide key insights for the emerging fields of knowledge and material that will shape the future. These shifts will have an impact on the type of education, training and skills development required to develop capable South African citizens as well as to ensure a supply of capable and skilled workforce for the labour market of the future.

In addition, a more detailed matrix indicating the NSF alignment to key strategies and policies of government is provided in Annexure A.

NSF

PART B
OUR STRATEGIC FOCUS

PART B OUR STRATEGIC FOCUS

VISION
Funding to skill our nation

MISSION
To provide funding for national skills development towards a capable South African citizenry, that contributes to improving economic participation and social development.

VALUES

Integrity	Passion	Accountable
Honest, Ethical, Trustworthy, Transparent, Open, Fair, Consistent	Diligent, Committed, Motivated, Dedicated, Positive	Responsible, Reliable, Taking ownership, Productive
Service excellence Caring, Considerate, Friendly, Responsive, Respectful, Understanding, Empathetic, Approachable, Polite, Unselfish, Assertive, Confident, Continuous learning, Innovative, Proactive, Creative, Flexible, Initiative, Adaptive, Attention to detail, Analytical, Rational, Objective, Results driven, Prompt, Sense of urgency, Punctual, Collaborative		

SITUATIONAL ANALYSIS
This section discusses the NSF's organisational environment, capacity issues and key determinants of performance. It also provides an analysis of the NSF as an entity and how it is impacted by its environment. The SWOT[1] and STEEPLED[2] analysis techniques were used to identify various factors that may impact on the NSF. These were then considered during the compilation of the NSF's outcome setting. The analysis provided an important guideline in the crafting of the NSF strategic priority areas, critical success factors, and enablers that would strengthen organisational capacity and coherent delivery, but would also enhance the way the organisation views and understands its mandate.

External environment analysis
Towards the achievement of South Africa's developmental aspirations by 2030, the NDP positions education and training through skills development as a key lever to transform society, eradicate poverty and grow a sustainable, inclusive economy.

Additionally, the NDP places specific funding responsibilities on the NSF in areas such as the training for start-ups and emerging businesses, rural development, adult basic education and training, and large-scale skills-based community development programmes in partnership with government departments or agencies.

Essentially, the NSF is a critical national skills development resource funded through the skills development levy and is strategically positioned as an entity within the ambit of the DHET. As the principal custodian of the PSET system, the DHET is mandated to implement policies and priorities that build a skilled and capable workforce as the basis of an inclusive growth path.

Consequently, in the 2020–2025 strategic period, the DHET has intensified its focus toward expanding access to post-school opportunities, not only focusing on universities enrolments, but also increasing enrolment at TVET and CET colleges, as well as boosting artisans and work-based learning. In the medium term, the DHET also plans to further improve on the success and efficiency of the PSET system, while maintaining commitment to improve the quality of PSET provisioning through industry or exchange programmes, the promotion of entrepreneurship hubs, and rollout of Centres of Specialisation for artisanal trades. The mandate of the department thus provides a key basis for the NSF to strategically contribute to national skills development priorities.

Further, the NSDP 2030 affirms the NSF's scope in the 2020-2025 strategic period to direct its funding towards improving the effectiveness and efficiency of the skills system, while building on the NSDS III achievements. Significant strides have been realised by the skills system in recent years, as demonstrated in the NSA evaluation study on the NSDS III during the 2011–2016 period and which points to the following notable highlights:

- The revival of artisan training.
- Almost 1.1 million enrolments across different learning programmes offered under the auspices of the SETAs.
- A total of 330 000 learners funded for education and training programmes through the NSF.
- Learners not previously employed being absorbed into full-time employment after the completion was high in the case of apprenticeships, learnerships and internships.
- Reasonable success to expand training opportunities to all provinces.
- The NSF has done well in focusing resources towards the youth. Of the approximately 200 000 people funded for education and training each year, about one-third are under 25 (32%), almost two-thirds are under 30 (62%) and three-quarters are under 35 (76%).

While the NSDS III was relevant in terms of the challenges it sought to address, and effective in achieving a strategic shift in the way the skills system functions, the evaluation of the NSDS III during the period 2011–2016 further points to the need to build a demand-led skills development system. Ensuring the adequate supply

1. SWOT: Strengths, Weaknesses, Opportunities, Threats | 2. STEEPLED: Social, Technological, Economic, Environmental, Political, Legal, Ethics, Demographics

of appropriate skills is dependent on knowing what skills are needed to support economic growth and social development. Strengthening research capabilities and gaining a deeper understanding of the labour market dynamics remain a critical focus for the NSF in the medium term towards improvements of its skills planning.

Improvements in skills planning are critical considering the lack of availability of appropriate skills is often said to be a constraint on economic growth and social development. This includes the National Treasury Economic Policy which states that South Africa's current economic trajectory is unsustainable: economic growth has stagnated, unemployment is rising, and inequality remains high. Therefore, it is imperative for government to ensure that skills supply responds to skills demand. Attempts to raise the country's potential growth rate must therefore include progress on the fundamental building blocks of long-run sustainable growth. In the PSET environment, this includes enhancing the relevance of the education systems by improving the alignment of the learning outcomes to labour market needs. It includes youth employment interventions such as government programmes that incentivise job creation such as learnerships and internship, as well as apprenticeships that facilitate school-to-work transition based on close cooperation between institutions of learning and the private sector.

Notably, the Quarterly Labour Force Survey reported the country's unemployment rate at 29,1% in the third quarter of 2019. The largest percentage of those not in employment, education nor training (NEET) are young persons aged 15–24 years.

Furthermore, it is 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.

Significantly, the National Plan for Post-School Education and Training (NP-PSET) requires the NSF to regain its focus over the medium term in supporting these marginalised groups, including the unemployed, and primarily in the CET college system.

Therefore, in the 2020–2025 strategic period, the NSF will place significant focus towards the education and training of people from vulnerable population groups including women, the youth and disabled persons. As informed by the evaluation of the NSDS III 2011-2016, the NSF will review the priority programmes it commits to funding, towards a primary focus on occupational qualifications and programmes in the later years of the five-year strategic period. Additionally, training programmes geared towards small and micro entrepreneurs in the informal sector also will be prioritised with the view of reviving the skills base of peri-urban areas largely comprising townships and informal settlements. Focus will also be maintained towards worker education initiatives that contribute towards improving the quality of industrial relations in workplaces, and for a healthier and productive economy.

Internal environment analysis

The DHET has done much to reposition the NSF as an entity since the NSF transferred from the Department of Labour (DoL) to the newly formed DHET in 2009. This is evident in the significant increase in the NSF's annual allocation towards skills development year-on-year since it was transferred to the DHET in 2009.

Yet, the NSF, together with the rest of the PSET system, still has to fully rise to the skills challenge that the nation is facing. Thus, the work of the NSF still needs to improve to ensure that it operates at optimal levels.

To this end, a series of events during the previous MTSF has led to the NSF implementing an integrated project aimed at transforming the organisation to become more effective and efficient through the development of a new operating model. The project, subsequently named Project Siyaphambili, entailed the development of a new NSF operating model and consisted of developing and implementing new business processes, a new organisational structure, and defining the NSF's ICT model.

The rationale for implementing Project Siyaphambili as informed by evaluation conducted during the 2009-2013 period, mainly arose from the following:

i. Weaknesses identified and recommendations made through a serious of reviews and evaluations commissioned by various departments and other role players on the skills levy system as a whole, and on the NSF specifically. These studies include the following:
   - Ministerial Task Team on SETA Performance, gazetted on 16 August 2013 by the Minister of Higher Education and Training.
   - Review of the current skills development system and recommendations towards the best model for delivering skills in the country published by the Human Resource Development Council of South Africa on 24 November 2013.
   - Expenditure Performance Review (dated 30 July 2014) on the NSF conducted by National Treasury.

ii. The envisaged role of the NSF as outlined in the WP-PSET.

iii. The NSF's annual investment in skills development that has significantly increased since the NSF was transferred from the DoL to the DHET, which is expected to continue into the future.

In addition to the abovementioned, the NSF was listed as a Schedule 3A public entity, in terms of the PFMA, effective 1 October 2012.

PART B OUR STRATEGIC FOCUS

Remarkably, the NSF has realised several achievements under Project Siyaphambili by the end of the 2014-2019 strategic period in addressing the weaknesses that were identified (pg 24). Notably, during the previous strategic period, the NSF has subsequently been capacitated in a number of functional areas:

- The NSF appointed additional project managers, resulting in the NSF being able to fund and manage more skills development projects and bringing the ratio down to one NSF project manager to approximately 12 to 15 projects, thereby improving project monitoring.
- Dedicated skilled financial support to NSF project managers and skills development providers was appointed in the form of fund managers, in order to improve the accuracy and completeness of project financial reports.
- The dedicated strategic planning and performance reporting function within the NSF was established with the appointment of the Chief Director: Strategy, Organisational Performance and Innovation from June 2019. This is already starting to show more strategic focus within the NSF, towards ensuring that all skills development initiatives funded realise maximum returns on investments and that the organisational performance is optimally geared towards realising these maximum returns on investment.
- A dedicated projects initiation function in the NSF was established, resulting in the NSF improving in the initiation of new strategic skills development initiatives.
- The project evaluation function in the NSF was also established, resulting in the NSF starting to evaluate the outcomes and impacts of its projects funded from the 2019/20 financial year onwards.
- A dedicated legal, governance, risk and compliance function for the NSF was established, improving legal support turnaround times.
- A dedicated ICT function for the NSF was established, supporting the implementation of the NSF's new Microsoft Dynamics ICT system.
- A dedicated supply chain management function for the NSF was established.
- A dedicated internal audit function for the NSF was established, which is already adding value in improving NSF processes.
- A dedicated public relations and communications function in the NSF was established, which is already improving the NSF's communication to stakeholders.
- Additional highly skilled financial capacity was appointed within the NSF, resulting in the NSF not having to outsource its financial reporting functions.

However, the key challenges experienced by the NSF during the rollout of Project Siyaphambili has been mainly the slow recruitment processes in the DHET to fill vacancies. This was mainly as a result of an under-capacitated DHET human resources management (HRM) function. The function shift of the TVET colleges from the provincial education departments to the national DHET resulted in the national DHET having to perform many of the HRM functions for the 50 public TVET colleges, without additional capacity.

With a funded staff establishment of 155 posts, the NSF will maintain its focus in ensuring that the remaining key vacant positions in the NSF's organisational structure are filled.

While the NSF received the first qualified audit opinion from the Auditor-General South Africa (AGSA) in the 2018/19 financial year, this outcome was at a time when a lot of what the NSF set out to achieve through Project Siyaphambili was beginning to yield positive results.

A key focus of the NSF will be to realise an improved audit outcome from the 2019/20 financial year onwards. The main root cause for the 2018/19 audit qualification is as a result of skills development providers not reporting to the NSF, despite attempts by the NSF project and fund managers to finalise outstanding quarterly and close-out financial reports. Throughout the previous strategic period, certain skills development providers did not report to the NSF consistently, comprising some state-owned companies public TVET colleges and certain national government departments that are implementing skills development projects with funding from the NSF.

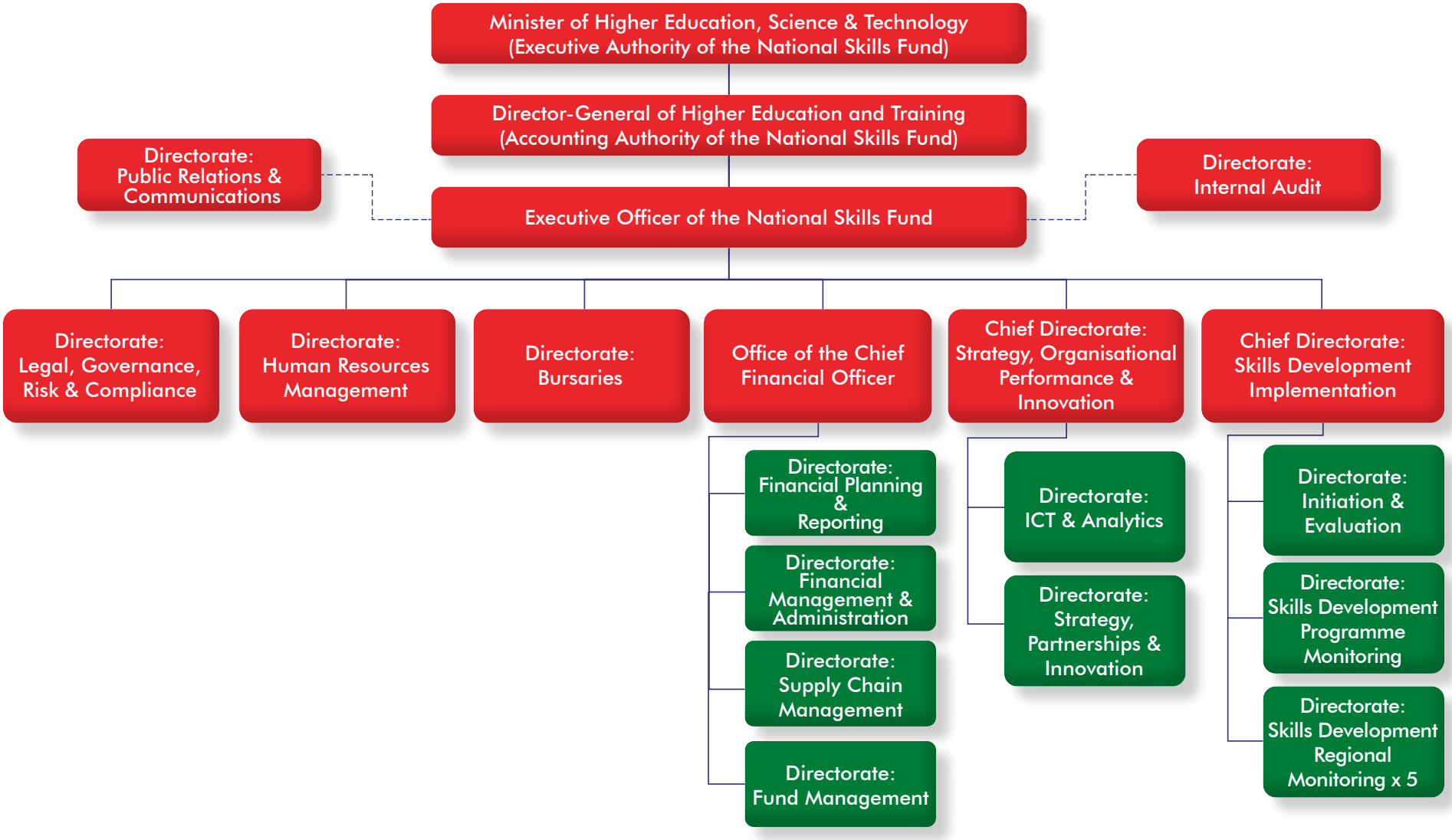
The NSF has subsequently strengthened its consequence management processes to address the lack of reporting by these skills development providers to the NSF. As a result, the NSF will address the non-compliance of these skills development providers in accordance with provisions in the NSF's contractual agreements signed between the NSF and these skills development providers.

Additionally, the NSF will maintain its focus to ensuring that its Microsoft Dynamics ICT system is fully functional by the end of the 2019/20 financial year. The envisaged benefits of the automated business processes and systems, once fully operational, include more accurate reporting through improved monitoring of skills development programmes and projects and improved monitoring of the fund's performance.

PART B OUR STRATEGIC FOCUS

MACRO ORGANISATIONAL STRUCTURE

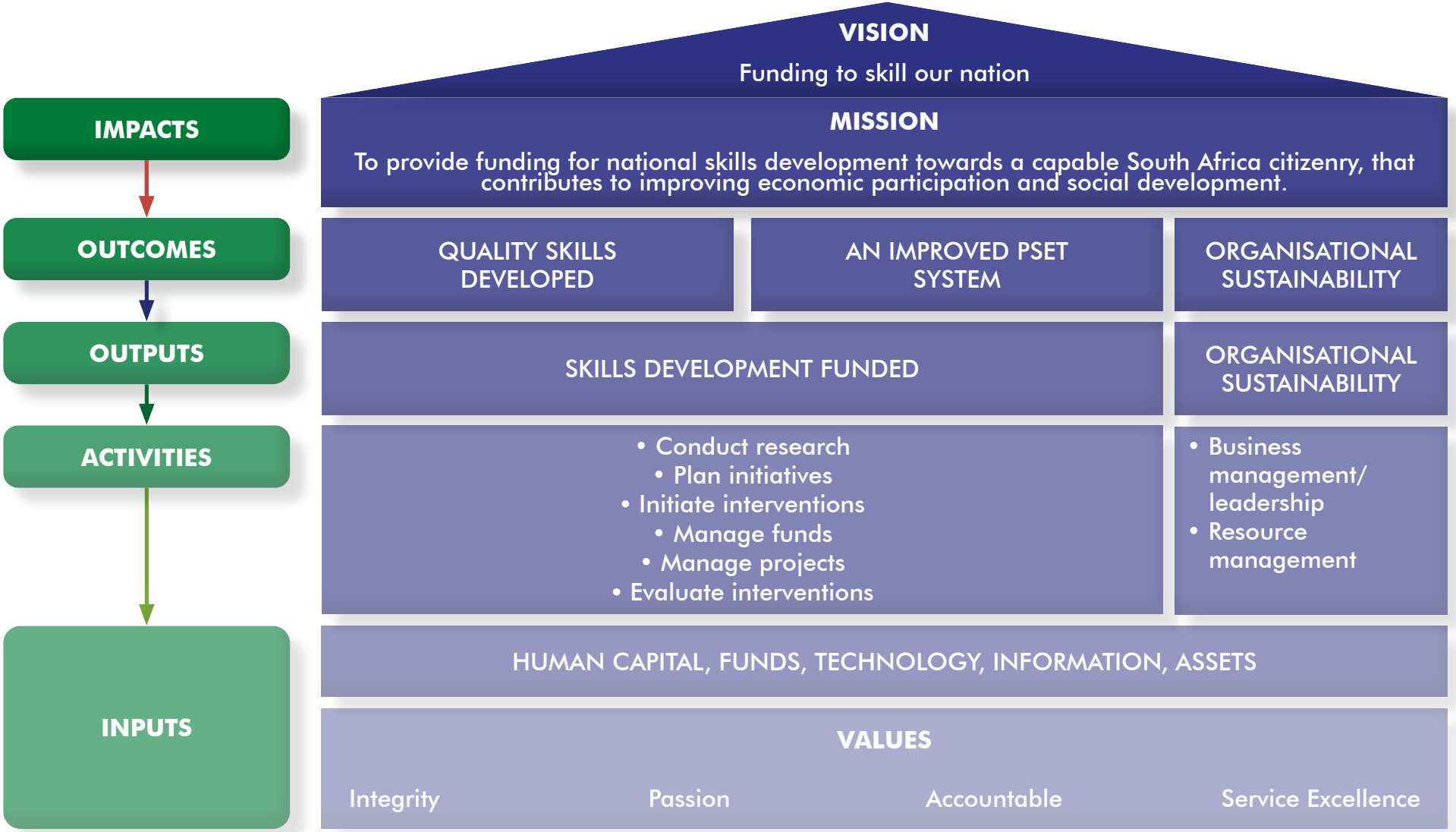
The NSF's approved organisational structure was implemented from the 2017/18 financial year.



PART C
MEASURING OUR PERFORMANCE

PART C MEASURING OUR PERFORMANCE

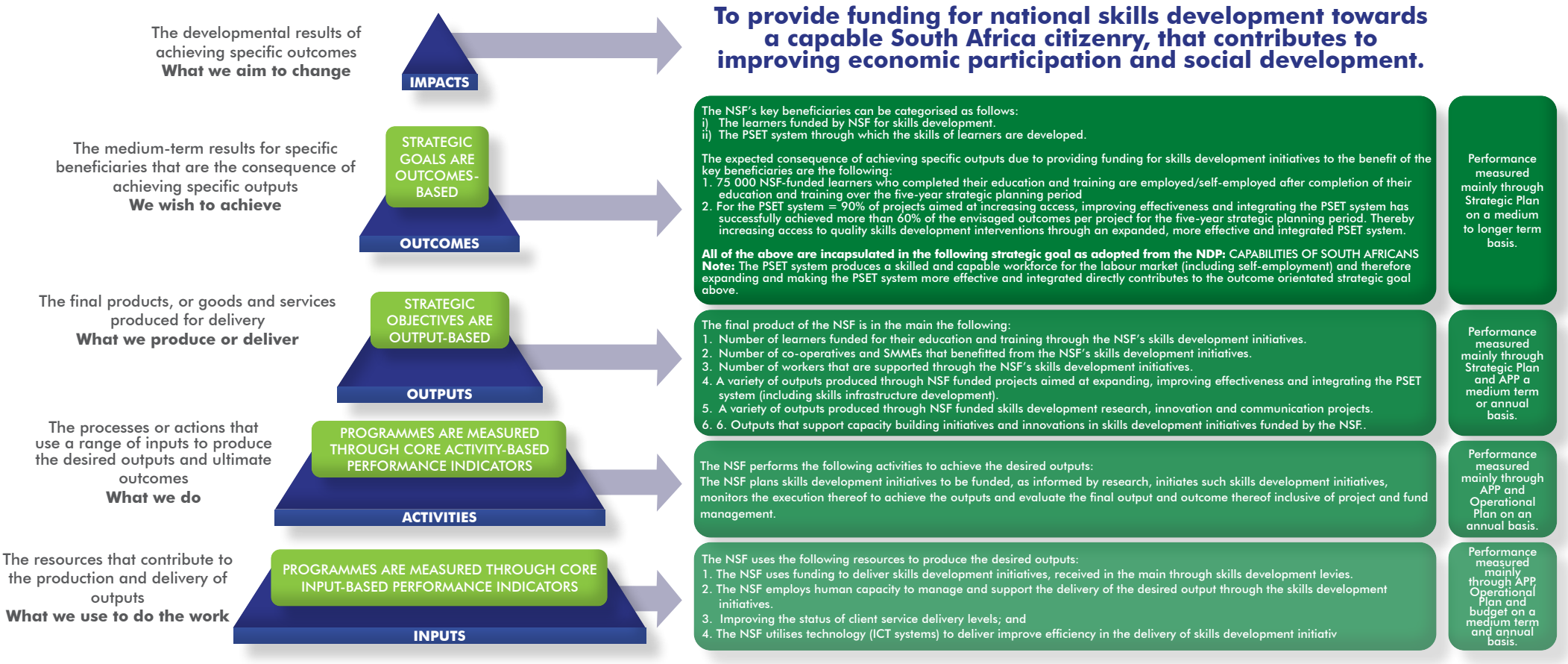
STRATEGIC FRAMEWORK



PART C MEASURING OUR PERFORMANCE

BACKGROUND ON THE DEVELOPMENT OF THE STRATEGIC PLAN AND ANNUAL PERFORMANCE PLAN (THEORY OF CHANGE)

The development of the NSF's strategic plan and annual performance plan has been premised on the *Framework for Strategic Plans and Annual Performance Plans* published by the National Treasury. The following info graphic has been adapted from the *Framework for Strategic Plans and Annual Performance Plans* to show how the NSF's strategic plan and annual performance plans are aligned to the framework.



PART C MEASURING OUR PERFORMANCE

INSTITUTIONAL PERFORMANCE INFORMATION

Measuring the impact

Impact statement	To provide funding for national skills development towards a capable South Africa citizenry, that contributes to improving economic participation and social development.

The NSF's key beneficiaries can be categorised as follows:

i) The learners funded by the NSF for skills development.
ii) 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:

i) For the learners funded by NSF = The attainment of employment (or self-employment) as a result of successfully acquiring relevant skills.
ii) 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 (including self-employment) and therefore expanding and making the PSET system more effective and integrated directly contributes to the NSF's envisaged impact, namely that of contributing towards improving economic participation and social development by funding the development of capable South African citizenry.

The attainment of this envisaged impact 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 (including self-employment) prospects and wealth generation capabilities.

Organisational sustainability

The ultimate objective is to ensure a sound service delivery environment and effective resource management within the NSF. Focus will be on ensuring effective business operations in relation to strategic planning, financial and project monitoring and evaluation, organisational positioning, organisational performance management, organisation culture development, corporate image, stakeholder relations management as well as corporate governance inclusive of a clean audit outcome.

PART C MEASURING OUR PERFORMANCE

OVERVIEW OF NSF RESOURCE CONSIDERATIONS

Revenue and expenditure trends

Revenue

The NSF's constant revenue streams relate to the revenue that the NSF receives on a monthly basis from skills development levies and investment income from its investments at the Public Investment Corporation (PIC).

Levy income is expected to grow over the medium-term expenditure framework (MTEF) period at an average of 6% per annum. Levy income for the past five years grew at an average rate of 7% from 2014/15 up to the 2018/19 financial year based on audited results. Given the current economic climate in South Africa, the levy growth projection has been limited to 6% per year over the MTEF period.

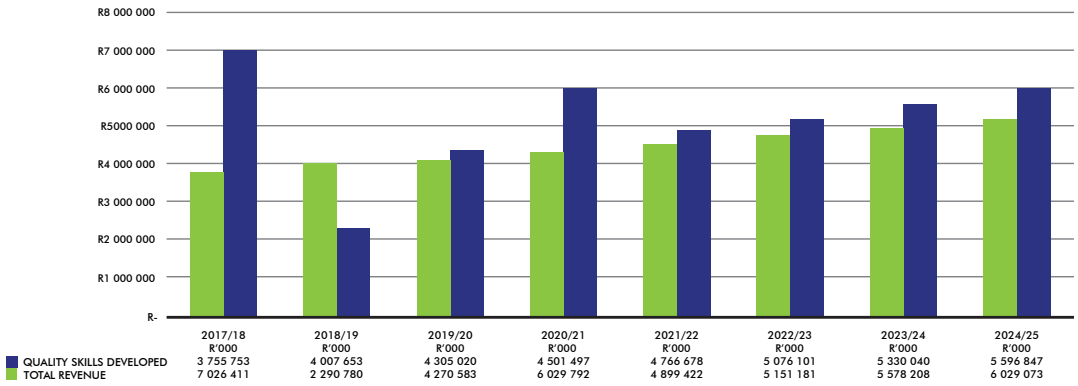
Skills development funding disbursements

The total investment towards Quality Skills Development (Programme 1) is budgeted at R6.03 billion for the 2020/21 financial year and R16.08 billion over the three-year MTEF period (2020/21 to 2022/23). Quality Skills Development consists of two sub-programmes, namely:

i) Sub-programme 1.1: Education and Training
ii) Sub-programme 1.2: Improved PSET system

The NSF is mandated to utilise both its annual income and accumulated reserves towards funding Quality Skills Development.

REVENUE VS SKILLS DEVELOPMENT FUNDING DISBURSEMENTS



Over the MTEF period, the NSF has budgeted R11.797 billion towards education and training of learners and R4.282 billion towards improving the PSET system. Education and Training will focus on the following areas of skills programmes and projects:

i) Bursaries and scholarships (mainly for university students) - funding of undergraduate and post-graduate bursaries for university students aimed at scarce and critical skills areas.
ii) Occupational programmes (mainly for learners at public TVET colleges) - with a focus on programmatic funding of occupational programmes in the TVET colleges estimated at R2 billion over the MTEF cycle 2020/21 to 2022/23.
iii) Skills programmes (part qualifications) - mainly focused at learners at the CET colleges.
iv) Workplace based learning (learnerships, apprenticeships, candidacy, internships etc.).
v) Worker education.

Sub-programme 1.2: Improved PSET System will focus on the following areas:

i) PSET system development and capacity building
ii) PSET infrastructure development
iii) Skills development research, innovation and advocacy.

OVERVIEW OF THE 2020/21 BUDGET AND MTEF ESTIMATES

R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
REVENUE FROM NON-EXCHANGE TRANSACTIONS	3 204 737	3 504 195	3 715 261	3 882 578	4 116 996	4 393 964	4 613 662	4 844 345
Skills Development Levy	3 199 737	3 496 140	3 715 261	3 882 578	4 116 996	4 393 964	4 613 662	4 844 345
Income from SETAs	5 000	8 055	-	-	-	-	-	-
REVENUE FROM EXCHANGE TRANSACTIONS	**551 016**	**503 458**	**589 759**	**618 919**	**649 682**	**682 137**	**716 378**	**752 502**
Finance income from investments at PIC and cash at bank	490 298	445 263	531 564	560 724	591 487	623 942	658 183	694 307
Finance income from advance payments to skills development programmes and projects	60 718	58 195	58 195	58 195	58 195	58 195	58 195	58 195
TOTAL REVENUE	**3 755 753**	**4 007 653**	**4 305 020**	**4 501 497**	**4 766 678**	**5 076 101**	**5 330 040**	**5 596 847**
R movement in comparison with prior year	**(118 081)**	**251 900**	**297 367**	**196 477**	**265 181**	**309 423**	**253 939**	**266 807**
% movement in comparison with prior year	**(3,05%)**	**6,71%**	**7,42%**	**4,56%**	**5,89%**	**6,49%**	**5,00%**	**5,01%**

R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
PROGRAMME 1: QUALITY SKILLS DEVELOPED (SKILLS DEVELOPMENT FUNDING DISBURSEMENTS)	**7 026 411**	**2 290 780**	**4 270 583**	**6 029 792**	**4 899 422**	**5 151 181**	**5 578 208**	**6 029 073**
Sub-programme 1.1: Education and Training	2 884 176	2 283 940	2 654 751	3 822 623	3 693 635	4 281 452	4 651 255	5 042 618
Sub-programme 1.2: Improved PSET System	4 142 235	6 840	1 615 832	2 207 169	1 205 788	869 729	926 953	986 456
PROGRAMME 2: ORGANISATIONAL SUSTAINABILITY (NSF ADMINISTRATIVE EXPENSES)	**120 979**	**154 908**	**279 786**	**272 157**	**300 951**	**315 815**	**331 423**	**347 806**
Employee costs	59 688	70 717	129 847	132 147	161 097	169 244	177 813	186 818
Operating expenses	54 392	79 072	139 874	129 432	128 746	134 930	141 411	148 203
Management fees and bank charges	1 915	1 813	1 919	2 017	2 118	2 220	2 326	2 438
Depreciation and amortisation	4 965	3 271	8 146	8 561	8 990	9 421	9 873	10 347
Loss on disposal of assets	19	35	-	-	-	-	-	-
LEVY COLLECTION COSTS TO SARS	**48 353**	**48 578**	**54 000**	**56 754**	**59 592**	**62 452**	**65 450**	**68 591**
TOTAL EXPENSES	**7 195 743**	**2 494 266**	**4 604 369**	**6 358 703**	**5 259 965**	**5 529 448**	**5 975 081**	**6 445 470**
R movement in comparison with prior year	**2 703 715**	**(4 701 477)**	**2 110 103**	**1 754 334**	**(1 098 738)**	**269 483**	**445 633**	**470 389**
% movement in comparison with prior year	**60,19%**	**-65,34%**	**84,60%**	**38,10%**	**-17,28%**	**5,12%**	**8,06%**	**7,87%**

Overall budget for 2020/21								
R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
TOTAL REVENUE	3 755 753	4 007 653	4 305 020	4 501 497	4 766 678	5 076 101	5 330 040	5 596 847
TOTAL EXPENSES	7 195 743	2 494 266	4 604 369	6 358 703	5 259 965	5 529 448	5 975 081	6 445 470
SURPLUS / DEFICIT	**(3 439 990)**	**1 513 387**	**(299 349)**	**(1 857 206)**	**(493 287)**	**(453 347)**	**(645 041)**	**(848 623)**
Accumulated surplus and reserves								
Opening balance	10 258 605	6 818 615	8 332 002	8 032 653	6 175 447	5 682 159	5 228 812	4 583 772
Surplus / (Deficit)	(3 439 990)	1 513 387	(299 349)	(1 857 206)	(493 287)	(453 347)	(645 041)	(848 623)
Closing balance	**6 818 615**	**8 332 002**	**8 032 653**	**6 175 447**	**5 682 159**	**5 228 812**	**4 583 772**	**3 735 148**

MEASURING OUTCOMES

PROGRAMME 1: SKILLS DEVELOPMENT FUNDED

Programme 1 purpose: Skills Development Funded

Measuring the extent to which the NSF has funded learners against strategic priority interventions who may be employed/self-employed within a reasonable period of time after successful completion of their education and training will provide a reliable measure of success of the skills development initiatives funded in creating a capable South African citizenry, that contributes towards improving economic participation and social development.

Sub-programme 1.1 purpose: Education and Training

This sub-programme consists mainly the funding of learners aimed at educating and training on strategic education and training initiatives. These strategic education and training initiatives are linked to contributing to the achievement of the objectives of key government imperatives and initiatives, such as the following:

1. Education and training of learners towards occupations in high demand (OIHD) aimed at addressing the demand for a skilled labour force through a supply of educated and trained learners in areas of demand, while also responding to priorities of the NDP, which are implemented through various initiatives linked to the district model that is inclusive of rural development, economic priority sectors, among others (e.g. oceans economy, health, mining and beneficiation).
2. Education and training of learners towards occupations aimed at supporting the priority economic sectors that align to the objectives of the Industrial Policy Action Plan (IPAP), which is implemented in partnership with the Department of Trade and Industry.
3. Education and training of learners towards occupations aimed at achieving the objectives of the New Growth Path, which is implemented through, among others, the Strategic Integrated Projects (SIPs) as part of implementation of the National Infrastructure Plan.
4. Education and training of learners aimed at contributing towards the objectives of the Department of Science and Innovation (DSI)'s 10-Year Innovation Plan, the WP-STI.
5. Education and training of learners towards occupations aimed at addressing scarce and critical skills as identified through ongoing research.
6. Education and training of workers in line with worker initiatives.

Occupations in high demand and those that are priority occupations are those that address key growth and transformational objectives as evidenced through research

and contained in the various strategies, plans and initiatives of government. These priority occupations are important for economic growth, and include aspects required to achieve transformational objectives, which contribute to developing thinking citizens, who can function effectively, creatively and ethically as part of a democratic society.

The NSF will also fund the education and training of learners that contribute towards other key government priorities and initiatives, which include among others, supporting national programmes such as providing skills development through the Expanded Public Works Programme (EPWP) and National Rural Youth Service Corps (NARYSEC) programme, skills development aimed specifically at growing SMMEs and co-operatives, community-based skills development initiatives.

OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS AND TARGETS

Programme 1: Skills Development Funded									
Outcome	Outputs	Output indicators	Audited/Actual performance			Estimated performance	Medium-term targets			Responsible
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
75 000 NSF-funded learners who completed their education and training are employed/ self-employed after completion of their education and training over the five-year strategic planning period	305 000 NSF-funded learners for education and training over the five-year strategic period	Total number of learners funded by the NSF for education and training during the specified financial year	48 169	57 238	59 051	59 000	60 000	60 500	61 000	Joint responsibility between: Chief Directors: Strategy, Organisational Performance and Innovation & Skills Development Implementation Key support responsibility: Chief Financial Officer Directors: Legal, Governance, Risk and Compliance/ Initiation and Evaluation/Bursaries Regional/ Programme

Programme 1: Skills Development Funded									
Outcome	**Outputs**	**Output indicators**	**Audited/Actual performance**			**Estimated performance**	**Medium-term targets**			**Responsible**
			2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	
75 000 NSF-funded learners who completed their education and training are employed/ self-employed after completion of their education and training over the five-year strategic planning period	190 000 learners funded by the NSF for education and training towards OIHD over the five-year strategic period	The number of learners funded by the NSF for education and training towards OIHD during the specified financial year	29 052	38 365	33 905	35 000	36 000	37 000	38 000	Joint responsibility between: Chief Directors: Strategy, Organisational Performance & Innovation and Skills Development Implementation Key support responsibility: Chief Financial Officer Directors: Legal, Governance, Risk and Compliance/ Initiation and Evaluation/Bursaries Regional/ Programme
	178 000 learners from rural areas funded by the NSF for education and training over the five-year strategic period	Number of learners from rural areas funded by the NSF for education and training during the specified financial year	22 633	32 888	34 925	35 000	35 200	35 400	35 600	
	6 700 SMMEs and co-operatives funded by the NSF for skills development over the five-year strategic period	Number of SMMEs and co-operatives funded by the NSF for skills development during the specified financial year	2 158	2 222	786	786	800	1 000	1 500	
	26 250 learners funded by the NSF for skills development through SMME and co-operative skills development initiatives over the five-year strategic period	The number of learners funded by the NSF for skills development through SMME and co-operative skills development initiatives during the specified financial year	-	-	4 480	4 480	4 750	5 000	5 250	

PART C MEASURING OUR PERFORMANCE

Programme 1: Skills Development Funded									
Outcome	Outputs	Output indicators	Audited/Actual performance			Estimated performance	Medium-term targets			Responsible
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
	55 000 learners funded by the NSF for skills development through community-based skills development initiatives over the five-year strategic period	Number of learners funded by the NSF for skills development through community-based skills development initiatives during the specified financial year	6 877	8 675	8 959	9 500	10 000	10 500	11 000	
	3 400 learners funded by the NSF for worker education over the five-year strategic period	Number of learners funded by the NSF for worker education during the specified financial year	237	823	618	620	640	660	680	

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Programme 1: Quality Skills Developed					
Output indicators	Annual target 2020/21	Quarterly targets			
		1st	2nd	3rd	4th
Total number of learners funded by the NSF for education and training during the specified financial year	60 000	15 000	15 000	15 000	15 000

Programme 1: Skills Development Funded					
Sub-Programme 1.1 Education and Training					
Output indicators	**Annual target 2020/21**	**Quarterly targets**			
		1st	**2nd**	**3rd**	**4th**
The number of learners funded by the NSF for education and training towards OIHD during the specified financial year	36 000	9 000	9 000	9 000	9 000
Number of learners from rural areas funded by the NSF for education and training during the specified financial year	35 200	8 800	8 800	8 800	8 800
Number of SMMEs and co-operatives funded by the NSF for skills development during the specified financial year	800	200	200	200	200
The number of learners funded by the NSF for skills development through SMME and co-operative skills development initiatives during the specified financial year	4 750	1 188	1 188	1 188	1 188
Number of learners funded by the NSF for skills development through community-based skills development initiatives during the specified financial year	10 000	2 500	2 500	2 500	2 500
Number of learners funded by the NSF for worker education during the specified financial year	640	160	160	160	160

RESOURCE CONSIDERATIONS: EDUCATION AND TRAINING

The NSF will also fund the education and training of learners that contribute towards other key government priorities and initiatives, which include among others supporting national programmes such as providing skills development through the EPWP and NARYSEC programmes, skills development aimed specifically at growing SMMEs and co-operatives, community-based skills development initiatives.

R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
Education and Training	2 884 176	2 283 940	2 654 751	3 822 623	3 693 635	4 281 452	4 651 255	5 042 618

SUB-PROGRAMME 1.2: IMPROVED PSET SYSTEM

Sub-programme 1.2 purpose: Improved PSET System

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.

PART C MEASURING OUR PERFORMANCE

Each project's individual achievements of the project's specific envisaged outcomes will be evaluated to determine the overall achievement of the projects collectively as a portfolio of projects aimed at expanding, improving effectiveness of and integrating the PSET system. This includes infrastructure development to support expanding access, research and innovation to steer the NSF priority interventions for PSET, as well as PSET capacity building to ensure effective and quality provision through PSET educational institutions.

Programme 1: Skills Development Funded										
Sub-Programme 1.2: Improved PSET System										**Responsible**
Outcome	**Outputs**	**Output indicators**	**Audited/Actual performance**			**Estimated performance**	**Medium-term targets**			
			2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	
90% of projects aimed at increasing access, improving effectiveness and integrating the PSET system has successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period.	90% of completed NSF-funded projects aimed at PSET system improvement that have achieved more than 60% of the envisaged outputs	Percentage of NSF-funded projects aimed at PSET system improvement that have achieved a percentage of the envisaged outputs	-	-	-	New indicator	80	85	90	Joint responsibility between: Chief Directors: Strategy, Organisational Performance & Innovation and Skills Development Implementation Key support responsibility: Chief Financial Officer Directors: Legal, Governance, Risk and Compliance/Initiation and Evaluation/ Bursaries Regional/Programme
	90% of completed NSF funded projects aimed at increasing access to the PSET system that have achieved more than 60% of the envisaged outputs	Percentage of NSF funded projects aimed at increasing access to the PSET system that have achieved a percentage of the envisaged outputs	-	-	-	New indicator	80	85	90	

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Programme 1: Quality Skills Developed					
Sub-Programme 1.2: Improved PSET System					
Output indicators	**Annual target 2020/21**	**Quarterly targets**			
		1st	**2nd**	**3rd**	**4th**
Percentage of NSF-funded projects aimed at PSET system improvement that have achieved a percentage of the envisaged outputs at the end of each financial year	80%		New (determine baseline)		80%
Percentage of NSF-funded projects aimed at increasing access to the PSET system that have achieved a percentage of the envisaged outputs at the end of each financial year	80%		New (determine baseline)		80%

RESOURCE CONSIDERATIONS: IMPROVED PSET SYSTEM

R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
Improved PSET System	4 142 235	6 840	1 615 832	2 207 169	1 205 788	869 729	926 953	986 456

PART C MEASURING OUR PERFORMANCE

PROGRAMME 2: ORGANISATIONAL SUSTAINABILITY

Programme 2 purpose: Organisational Sustainability

The ultimate objective is to ensure a sound service delivery environment and effective resource management within the NSF. Focus will be on ensuring effective business operations in relation to strategic planning, financial and project monitoring and evaluation, organisational positioning, organisational performance management, organisation culture development, corporate image, stakeholder relations management as well as corporate governance inclusive of a clean audit outcome.

Programme 2: Organisational Sustainability										
Outcome	Outputs	Output indicators	Audited/Actual performance			Estimated performance	Medium-term targets			Responsible
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
Improving effectiveness and efficiency of the NSF organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period	Improved internal business excellence and service delivery	Audit outcome at the end of each financial year	-	-	Qualified	Unqualified	Unqualified	Clean	Clean	Key responsibility: CFO Supported by: All NSF senior managers
		Percentage of funded positions filled by the end of each financial year	-	-	New indicator	New indicator	60	70	80	Director: HRM
		Improve the percentage of client satisfaction rating at the end of the specified reporting period (biennially)	-	-	New indicator	New indicator	50	-	55	Director: PR and Communications
		Percentage progress against implementation plan of the ICT strategy during the end of each financial year	-	-	New indicator	New indicator	30%	50%	70%	Director: ICT and Analytics

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Programme 2: Organisational Sustainability					
Output indicators	**Annual target 2020/21**	**Quarterly targets**			
		1st	**2nd**	**3rd**	**4th**
Audit opinion outcome at the end of each financial year	Unqualified	.	-	-	Unqualified
Percentage of funded positions filled by the end of each financial year	60	New (determine baseline)	-	-	60
Percentage of client satisfaction rating by the end of each specified period (biennially)	50	-	-	-	50
Percentage progress against the implementation plan of the ICT strategy at the end of each financial year	30%	5%	5%	10%	10%

RESOURCE CONSIDERATIONS: ORGANISATIONAL SUSTAINABILITY

The NSF's administrative expenditure is expected to increase from 2019/20 up to the 2024/25 financial year due to the increase in human resource capacity with the implementation of the NSF's new organisational structure, as well as investment in addressing the NSF's ICT needs. The expected future revenue is sufficient for the NSF to address its structural changes within the prescribed legislative administrative limit of 10% of revenue and will be able to sustain the NSF's increased capacity going forward.

R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
NSF ADMINISTRATIVE EXPENSES	120 979	154 908	279 786	272 157	300 951	315 815	331 423	347 806
Employee costs	59 688	70 717	129 847	132 147	161 097	169 244	177 813	186 818
Operating expenses	61 291	84 191	149 939	140 010	139 854	146 571	153 610	160 988

PART C MEASURING OUR PERFORMANCE

KEY RISKS

OUTCOME	KEY RISK	RISK MITIGATION
Quality skills developed **An improved PSET system** **Increased access to PSET system**	Funding fiscus shortfalls and grants allocated to DHET (e.g. Fee Free education)	• Reprioritise • Full commitment of funds • Proper communication of the full commitment • Limit reserves that are not committed to the minimum • Start spending reserves • Student leadership development
	Misuse of funds by service providers	• Improved monitoring • Standardised effective consequence management (e.g. enforcement of MOA, penalties) • Improved due diligence processes
	Reduction in SDL	• Reprioritise • Public-private partnerships • Start spending reserves • Alternative sources of funds • Continuous "going concern" assessment
	Funding of ad hoc projects and programmes not in line with mandate	• Develop a funding framework aligned to mandate • Obtain concurrence from the Accounting Officer
	Lack of delivery capacity within PSET	• Integrate programmatic planning • Utilise public-private partnerships
	Delays and quality of occupational qualifications	• Engage with the QCTO to plan in relation to accreditation, qualifications availability and certification to avoid delays and challenges in relation to quality assurance.
Organisational sustainability	Lack of an integrated NSF ICT system	• Procurement includes maintenance and support for 3–5 years • NSF develops own internal ICT capacity • Approved ICT strategy and implementation plan • Further enhancements to address business needs • Adherence to procurement and contract management processes
	Lack of required capacity after going live of the integrated NSF ICT system	• Provision of support and maintenance after implementation by provider appointed to develop information system as required • Effective management and oversight of implementation of support and maintenance

OUTCOME	KEY RISK	RISK MITIGATION
Organisational sustainability	Insufficient skills transfer from ICT and system development provider(s) to NSF staff	• Second line support and maintenance provided by provider appointed to develop information system as required • First line support to be provided by NSF ICT • Ensure sufficient capacity development for ICT system administrators
	Information and data not migrated accurately, completely and timely in the correct format	• A disaster recovery plan and data migration plan are in place • Go live plan agreed to by NSF and provider appointed to develop information system as required • Ensure NSF data integrity
	Environmental issues and connectivity	• Service level agreement (SLA) or operational level agreement (OLA) between DHET and NSF for all related ICT services • Ensure internet connectivity as required

PART D
TECHNICAL INDICATOR DESCRIPTIONS

PART D TECHNICAL INDICATOR DESCRIPTIONS

PROGRAMME 1: SKILLED DEVELOPMENT FUNDED

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1	75 000 NSF-funded learners who completed their education and training over the five-year strategic period
Output	305 000 learners funded by the NSF for education and training over the five-year strategic period
Output Indicator 1	Number of learners funded by the NSF for education and training during the specified financial year
Definition	Number of NSF-funded learners funded by the NSF for education and training. "Learners funded for training" means those learners who have been in training during the current financial year, who have been funded by the NSF, irrespective of whether the learners have completed their training or not during the current financial year, or whether the learners have been funded by the NSF in the prior year or not or whether the learners training courses extend only over a part of the financial year. Learners who are funded over more than one financial year are reported on in all the financial years during which the learners were funded for training, but are counted only once for determining whether the five-year strategic target has been reached. "Funded" means the NSF is responsible for paying for the learners' training received during the current financial year, irrespective as to whether the NSF has already paid or prepaid for the learners' training.
Source of data	Source documents: Project reports, indicating the number of learners funded by the NSF. Collection of data: The learners the NSF hs funded for education and training will be collated from the project reports for the relevant period under review.
Method of calculation / Assessment	Calculation formula:

Skills development initiatives	Number of learners funded by the NSF
A	xxx
B	xxx
C	xxx
Etc.	xxx
Total	XXX

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1	75 000 NSF-funded learners who completed their education and training over the five-year strategic period
Output	305 000 learners funded by the NSF for education and training over the five-year strategic period
Output Indicator 1	Number of learners funded by the NSF for education and training during the specified financial year
Assumptions	That projects are timeously implemented. The accuracy, completeness and validity of the indicator depend on the accuracy, completeness and validity of learner data reported in the project reports. Functional MS Dynamics and performance information reported and verified. PSET institutions accept learners meeting minimum requirements. Sufficient funding.
Disaggregation of beneficiaries (where applicable)	Target for woman: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Quarterly and cumulative (year-end)
Desired performance	Increase the number of NSF-funded learners in line with strategic priority interventions (OIHD, rural, SMME, community and worker education). A major function of the NSF is to fund national skill development of learners and therefore effective and efficient monitoring of the learners funded is paramount to the effective and efficient operations performed to achieve the entities goals and directly contributes to the strategic objectives of the NSF.
Reporting cycle	Quarterly and annual
Indicator responsibility	*Joint responsibility between:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Chief Financial Officer Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme

PART D TECHNICAL INDICATOR DESCRIPTIONS

SUB- PROGRAMME 1.1: EDUCATION AND TRAINING

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator: 1.1	14 500 NSF-funded learners to complete their education and training towards OIHD over the five-year strategic period
Output 1.1	190 000 learners funded by the NSF for education and training towards OIHD over the five-year strategic period
Output Indicator 1.1	Number of learners funded by the NSF for education and training towards OIHD during the specified financial year
Definition	Number of NSF funded learners funded by NSF for education and training in OIHD. "Learners funded for training" means those learners who have been in training during the current financial year, who have been funded by the NSF, irrespective of whether the learners have completed their training or not during the current financial year, or whether the learners have been funded by the NSF in the prior year or not or whether the learners training courses extend only over a part of the financial year. Learners who are funded over more than one financial year are reported on in all the financial years during which the learners were funded for training, but are counted only once for determining whether the five-year strategic target has been reached. "Funded" means the NSF is responsible for paying for the learners' training received during the current financial year, irrespective as to whether the NSF has already paid or prepaid for the learners' training. "Occupations in high demand" refers to those occupations that have shown relatively strong employment growth, and/or are experiencing shortages in the labour market, or which are expected to be in demand in the future as per the National List of Occupation in High Demand.
Source of data	Source documents: OIHD and related priority occupations as identified by the NSF and the Department of Higher Education and Training (DHET). In addition, project reports indicating the number of learners funded by the NSF for OIHD learning pathways. Collection of data: The Occupations in High Demand government gazette as well as available priority occupation list(s) developed by the DHET. The learners who were funded for their education and training on learning pathways towards priority occupations will be collated from the project reports.

PART D TECHNICAL INDICATOR DESCRIPTIONS

<table>
<tr><td>Outcome 1</td><td>75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period</td></tr>
<tr><td>Outcome Indicator 1.1</td><td>14 500 NSF-funded learners to complete their education and training towards OIHD over the five-year strategic period</td></tr>
<tr><td>Output 1.1</td><td>190 000 learners funded by the NSF for education and training towards OIHD over the five-year strategic period</td></tr>
<tr><td>Output Indicator 1.1</td><td>Number of learners funded by the NSF for education and training towards OIHD during the specified financial year</td></tr>
<tr><td>Method of calculation / Assessment</td><td>Calculation formula:
<table>
<tr><th>Skills development initiatives</th><th>Number of learners funded by the NSF</th></tr>
<tr><td>A</td><td>xxx</td></tr>
<tr><td>B</td><td>xxx</td></tr>
<tr><td>C</td><td>xxx</td></tr>
<tr><td>Etc.</td><td>xxx</td></tr>
<tr><td>TOTAL</td><td>XXX</td></tr>
</table></td></tr>
<tr><td>Assumptions</td><td>That projects are timeously implemented.
The accuracy, completeness and validity of the indicator depend on the accuracy, completeness and validity of learner data reported in the project reports.
Functional MS Dynamics and performance information reported and verified.
PSET institutions accept learners meeting minimum requirements.
Sufficient funding.</td></tr>
<tr><td>Disaggregation of beneficiaries (where applicable)</td><td>Target for woman: N/A
Target for youth: N/A
Target for people with disabilities: N/A</td></tr>
<tr><td>Spatial transformation (where applicable)</td><td>Contribution to spatial transformation priorities: N/A
Spatial impact area: N/A</td></tr>
<tr><td>Calculation type</td><td>Quarterly and cumulative (year-end)</td></tr>
<tr><td>Desired performance</td><td>Increase the number of NSF-funded learners in line with strategic priority interventions (OIHD).</td></tr>
<tr><td>Reporting cycle</td><td>Quarterly and annual</td></tr>
</table>

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator: 1.1	14 500 NSF-funded learners to complete their education and training towards OIHD over the five-year strategic period
Output 1.1	190 000 learners funded by the NSF for education and training towards OIHD over the five-year strategic period
Output Indicator 1.1	Number of learners funded by the NSF for education and training towards OIHD during the specified financial year
Indicator responsibility	*Joint responsibility between:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Chief Financial Officer Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1.2	14 500 NSF-funded learners from rural areas that completed their education and training over the five-year strategic period
Output 1.2	178 000 learners from rural areas funded by the NSF for education and training over the five-year strategic period
Outcome Indicator 1.2	Number of learners from rural areas funded by the NSF for education and training during the specified financial year
Definition	"Learners funded for training" means those learners who have been in training during the current financial year, who have been funded by the NSF, irrespective of whether the learners have completed their training or not during the current financial year, or whether the learners have been funded by the NSF in the prior year or not or whether the learners training courses extend only over a part of the financial year. Learners who are funded over more than one financial year are reported on in all the financial years during which the learners were funded for training, but are counted only once for determining whether the five-year strategic target has been reached. "Funded" means the NSF is responsible for paying for the learners' training received during the current financial year, irrespective as to whether the NSF has already paid or prepaid for the learners' training. NSF-funded learners from rural areas: Rural areas are regarded as all the district municipalities in South Africa, excluding international learning projects and the eight metropolitan municipalities, namely: Buffalo City (East London area), City of Cape Town, City of Johannesburg, City of Tshwane, Ekurhuleni (East Rand area), eThekwini (Durban area), Mangaung (Bloemfontein area), and Nelson Mandela Bay (Port Elizabeth/ Uitenhage area). This definition is in accordance with the definition from the Department of Rural Development and Land Reform. Also, the measurement will be informed by the location of the learning site. To align to the New District Coordination Model to improve coherence and impact of government service delivery and development.
Source of data	Source documents: Project reports, indicating the number of learners from rural areas funded by the NSF for their education and training. Collection of data: The data on learners from rural areas funded by the NSF for their education and training will be collated from project reports.
Method of calculation / Assessment	Calculation formula:

Skills development initiatives	Number of learners funded by the NSF from rural areas
A	xxx
B	xxx
C	xxx
Etc.	xxx
TOTAL	XXX

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1.2	14 500 NSF-funded learners from rural areas that completed their education and training over the five-year strategic period
Output 1.2	178 000 learners from rural areas funded by the NSF for education and training over the five-year strategic period
Outcome Indicator 1.2	Number of learners from rural areas funded by the NSF for education and training during the specified financial year
Disaggregation of beneficiaries (where applicable)	Target for woman: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Contribution to spatial transformation priorities: The calculation will only be based on NSF-funded learners from rural areas. Rural areas are regarded as all the district municipalities in South Africa, excluding international learning projects and the eight metropolitan municipalities, namely: Buffalo City (East London area), City of Cape Town, City of Johannesburg, City of Tshwane, Ekurhuleni (East Rand area), eThekwini (Durban area), Mangaung (Bloemfontein area), and Nelson Mandela Bay (Port Elizabeth/ Uitenhage area). This definition is in accordance with the definition from the Department of Rural Development and Land Reform. Also, the measurement will be informed by the location of the learning site. To align to the New District Coordination Model to improve coherence and impact of government service Delivery and development (August 2019). Spatial impact area: N/A
Calculation type	Quarterly and cumulative (year-end)
Desired performance	Increase the number of NSF-funded learners from rural areas in line with strategic priority interventions thereby increasing access.
Reporting cycle	Quarterly and annual
Indicator responsibility	*Joint responsibility between:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Chief Financial Officer Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1.3	1 000 SMMEs and co-operatives to benefit from NSF-funded skills development initiatives where NSF-funded learners completed education and training over the five-year strategic period
Output 1.3	6 700 SMMEs and co-operatives funded by the NSF for skills development over the five-year strategic period
Output Indicator 1.3	Number of SMMEs and co-operatives funded by the NSF for skills development during the specified financial year
Definition	The number of SMMEs and co-operatives where the NSF-funded learners for education and training. "SMMEs" refers to small, medium and micro-sized enterprises as provided in Government Gazette of 15 March 2019 No 42304 Revised Schedule 1 of the National Definition of Small Enterprise in South Africa. "Co-operatives" refers to a business where a group of people get together voluntary to address their common needs. "Learners funded for training" means those learners who have been in training during the current financial year, who have been funded by the NSF, irrespective of whether the learners have completed their training or not during the current financial year, or whether the learners have been funded by the NSF in the prior year or not or whether the learners training courses extend only over a part of the financial year. Learners who are funded over more than one financial year are reported on in all the financial years during which the learners were funded for training, but are counted only once for determining whether the five-year strategic target has been reached. "Funded" means the NSF is responsible for paying for the learners' training received during the current financial year, irrespective as to whether the NSF has already paid or prepaid for the learners' training.
Source of data	Source documents: Project reports, indicating the number of SMMES and co-operatives funded by NSF for skills development. Collection of data: The number of SMMEs and co-operatives funded by NSF for skills development will be collated from the project reports.
Method of calculation / Assessment	Calculation formula:

Skills development initiatives	Number of SMMEs and co-operatives funded by the NSF for skills development
A	xxx
B	xxx
C	xxx
Etc.	xxx
Total	XXX

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1.3	1 000 SMMEs and co-operatives to benefit from NSF-funded skills development initiatives where NSF-funded learners completed education and training over the five-year strategic period
Output 1.3	6 700 SMMEs and co-operatives funded by the NSF for skills development over the five-year strategic period
Output Indicator 1.3	Number of SMMEs and co-operatives funded by the NSF for skills development during the specified financial year
Assumptions	The SMME and co-operative has been registered. Functional MS Dynamics and performance information reported and verified. Sufficient funding. Partnership with relevant department for SMME and co-operative development.
Disaggregation of beneficiaries (where applicable)	Target for woman: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Quarterly and cumulative (year-end)
Desired performance	To support the growth and development of SMMEs and co-operatives through providing access to PSET opportunities and creating access to education and training that supports the growth and development of the SMME and co-operative sector. Reporting cycle
Reporting cycle	Quarterly and annual
Indicator responsibility	*Joint responsibility between:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Chief Financial Officer Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1.4	600 NSF-funded learners who completed education and training through SMME and co-operative skills development initiatives over the five-year strategic period
Output 1.4	26 250 learners funded by the NSF for skills development through SMME and co-operative skills development initiatives over the five-year strategic period
Output Indicator 1.4	Number of learners funded by the NSF for skills development through SMME and co-operative skills development initiatives during the specified financial year
Definition	"Learners funded for training" means those learners who have been in training during the current financial year, who have been funded by the NSF, irrespective of whether the learners have completed their training or not during the current financial year, or whether the learners have been funded by the NSF in the prior year or not or whether the learners training courses extend only over a part of the financial year. Learners who are funded over more than one financial year are reported on in all the financial years during which the learners were funded for training, but are counted only once for determining whether the five-year strategic target has been reached. "Funded" means the NSF is responsible for paying for the learners' training received during the current financial year, irrespective as to whether the NSF has already paid or prepaid for the learners' training. "SMMEs" refers to small, medium and micro-sized enterprises as provided in Government Gazette of 15 March 2019 No. 42304 Revised Schedule 1 of the National Definition of Small Enterprise in South Africa. "Co-operatives" refers to a business where a group of people get together voluntary to address their common needs.
Source of data	Source documents: Project reports, indicating the number of learners funded by the NSF for skills development through SMME and co-operative development initiatives (project reports include but not limited to site monitoring reports, quarterly reports and close out reports. Collection of data: The number of learners funded by the NSF for skills development through SMME and co-operative development initiatives will be collated from project reports.

PART D TECHNICAL INDICATOR DESCRIPTIONS

<table>
<tr><td>Outcome 1</td><td>75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period</td></tr>
<tr><td>Outcome Indicator 1.4</td><td>600 NSF-funded learners who completed education and training through SMME and co-operative skills development initiatives over the five-year strategic period</td></tr>
<tr><td>Output 1.4</td><td>26 250 learners funded by the NSF for skills development through SMME and co-operative skills development initiatives over the five-year strategic period</td></tr>
<tr><td>Output Indicator 1.4</td><td>Number of learners funded by the NSF for skills development through SMME and co-operative skills development initiatives during the specified financial year</td></tr>
<tr><td>Method of calculation / Assessment</td><td>Calculation formula:
<table>
<tr><th>Skills development initiatives</th><th>Number of learners funded by the NSF for skills development through SMME and co-operative development initiatives</th></tr>
<tr><td>A</td><td>xxx</td></tr>
<tr><td>B</td><td>xxx</td></tr>
<tr><td>C</td><td>xxx</td></tr>
<tr><td>Etc.</td><td>xxx</td></tr>
<tr><td>TOTAL:</td><td>XXX</td></tr>
</table></td></tr>
<tr><td>Assumptions</td><td>The SMME and co-operative has been registered.
Functional MS Dynamics and performance information reported and verified.
Sufficient funding.
Partnership with relevant department for SMME and co-operative development.</td></tr>
<tr><td>Disaggregation of beneficiaries (where applicable)</td><td>Target for woman: N/A
Target for youth: N/A
Target for people with disabilities: N/A</td></tr>
<tr><td>Spatial transformation (where applicable)</td><td>Contribution to spatial transformation priorities: N/A
Spatial impact area: N/A</td></tr>
<tr><td>Calculation type</td><td>Quarterly and cumulative (year-end)</td></tr>
<tr><td>Desired performance</td><td>To support the growth and development of SMMEs and co-operatives through providing access to PSET opportunities; and creating access to education and training that supports the growth and development of the SMME and co-operative sector.</td></tr>
<tr><td>Reporting cycle</td><td>Quarterly and annual</td></tr>
</table>

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1.4	600 NSF-funded learners who completed education and training through SMME and co-operative skills development initiatives over the five-year strategic period
Output 1.4	26 250 learners funded by the NSF for skills development through SMME and co-operative skills development initiatives over the five-year strategic period
Output Indicator 1.4	Number of learners funded by the NSF for skills development through SMME and co-operative skills development initiatives during the specified financial year
Indicator responsibility	*Joint responsibility between:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Chief Financial Officer Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1.5	8 400 NSF-funded learners who acquired skills through NSF-funded community-based skills development initiatives over the five-year strategic period
Output 1.5	55 000 learners funded by the NSF for skills development through community-based skills development initiatives over the five-year strategic period
Output Indicator 1.5	Number of learners funded by the NSF for skills development through community-based skills development initiatives during the specified financial year
Definition	"Learners funded for training" means those learners who have been in training during the current financial year, who have been funded by the NSF, irrespective of whether the learners have completed their training or not during the current financial year, or whether the learners have been funded by the NSF in the prior year or not or whether the learners training courses extend only over a part of the financial year. Learners who are funded over more than one financial year are reported on in all the financial years during which the learners were funded for training, but are counted only once for determining whether the five-year strategic target has been reached. "Funded" means the NSF is responsible for paying for the learners' training received during the current financial year, irrespective as to whether the NSF has already paid or prepaid for the learners' training. "Community-based skills development" refers to learning programmes that have been categorised as "workplace-based skills programmes - other" and thus will be limited to learning programmes categorised as such.
Source of data	Source documents: Project reports, indicating the number of learners funded by the NSF for skills development through community-based skills development initiatives. A community-based skills development initiative or project will be identified as such before the project is initiated. Collection of data: The number of learners funded by the NSF for skills development through community-based skills development initiatives will be collated from the project reports.

PART D TECHNICAL INDICATOR DESCRIPTIONS

<table>
<tr><td>Outcome 1</td><td>75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period</td></tr>
<tr><td>Outcome Indicator 1.5</td><td>8 400 NSF-funded learners who acquired skills through NSF-funded community-based skills development initiatives over the five-year strategic period</td></tr>
<tr><td>Output 1.5</td><td>55 000 learners funded by the NSF for skills development through community-based skills development initiatives over the five-year strategic period</td></tr>
<tr><td>Output Indicator 1.5</td><td>Number of learners funded by the NSF for skills development through community-based skills development initiatives during the specified financial year</td></tr>
<tr><td>Method of Calculation / Assessment</td><td>Calculation formula:
<table>
<tr><th>Skills development initiatives</th><th>Number of learners funded by the NSF for skills development through community-based skills development initiatives</th></tr>
<tr><td>A</td><td>xxx</td></tr>
<tr><td>B</td><td>xxx</td></tr>
<tr><td>C</td><td>xxx</td></tr>
<tr><td>Etc.</td><td>xxx</td></tr>
<tr><td>TOTAL:</td><td>XXX</td></tr>
</table></td></tr>
<tr><td>Assumptions</td><td>The accuracy, completeness and validity of the indicator depend on the accuracy, completeness and validity of the learner data reported in the project reports. Only projects that are identified as community-based skills development initiatives will be reported on.
Functional MS Dynamics and performance information reported and verified.
Sufficient funding.</td></tr>
<tr><td>Disaggregation of beneficiaries (where applicable)</td><td>Target for woman: N/A
Target for youth: N/A
Target for people with disabilities: N/A</td></tr>
<tr><td>Spatial transformation (where applicable)</td><td>Contribution to spatial transformation priorities: N/A
Spatial impact area: N/A</td></tr>
<tr><td>Calculation type</td><td>Quarterly and cumulative (year-end)</td></tr>
<tr><td>Desired performance</td><td>Increase the number of NSF-funded learners in line with community-based initiatives thereby increasing access to community education and training.</td></tr>
<tr><td>Reporting cycle</td><td>Quarterly and annual</td></tr>
</table>

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after completion of their education and training over the five-year strategic planning period
Outcome Indicator 1.5	8 400 NSF-funded learners who acquired skills through NSF-funded community-based skills development initiatives over the five-year strategic period
Output 1.5	55 000 learners funded by the NSF for skills development through community-based skills development initiatives over the five-year strategic period
Output Indicator 1.5	Number of learners funded by the NSF for skills development through community-based skills development initiatives during the specified financial year
Indicator responsibility	*Joint responsibility between:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Chief Financial Officer Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme

PART D TECHNICAL INDICATOR DESCRIPTIONS

<table>
<tr><td>Outcome 1</td><td>75 000 NSF-funded learners who completed their education and training are employed/self-employed after</td></tr>
<tr><td>Outcome Indicator 1.6</td><td>360 workers who completed their education and training through worker education initiatives over the five-year strategic period</td></tr>
<tr><td>Output 1.6</td><td>3 400 learners funded by the NSF for worker education over the five-year strategic period</td></tr>
<tr><td>Output Indicator 1.6</td><td>Number of earners funded by the NSF for worker education during the specified financial year</td></tr>
<tr><td>Definition</td><td>Learners who are funded over more than one financial year are reported on in all the financial years during which the learners were funded for training, but are counted only once for determining whether the five-year strategic target has been reached.

“Funded” means that the NSF is responsible for paying for the learners’ training received during the current financial year, irrespective of whether the NSF has already paid or prepaid for the learners’ training.

“Worker education” refers to learning programmes funded by the NSF that relate to trade unions, worker federations or similar organisations and their education programmes. It includes other worker-initiated training programmes related to the further education and training of workers in broader sectoral policy and capacity to effectively engage in the workplace and broader economy.</td></tr>
<tr><td>Source of data</td><td>Source documents: Project reports, indicating the number of workers funded by the NSF for worker education. A worker education initiative or project will be identified as such before the project is initiated.
Collection of data: The number of workers funded by the NSF for worker education will be collated from project reports.</td></tr>
<tr><td>Method of Calculation / Assessment</td><td>Calculation formula:
<table>
<tr><th>Skills development initiatives</th><th>Number of workers funded by the NSF for worker education</th></tr>
<tr><td>A</td><td>xxx</td></tr>
<tr><td>B</td><td>xxx</td></tr>
<tr><td>C</td><td>xxx</td></tr>
<tr><td>Etc.</td><td>xxx</td></tr>
<tr><td>Total:</td><td>XXX</td></tr>
</table></td></tr>
<tr><td>Assumptions</td><td>That the identification of education and training plans and interventions is in place or that require development.
The accuracy, completeness and validity of the indicator depend on the accuracy, completeness and validity of the data related to workers reported in project reports.</td></tr>
<tr><td>Reporting cycle</td><td>Quarterly and annual</td></tr>
</table>

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1	75 000 NSF-funded learners who completed their education and training are employed/self-employed after
Outcome Indicator 1.6	360 workers who completed their education and training through worker education initiatives over the five-year strategic period
Output 1.6	3 400 learners funded by the NSF for worker education over the five-year strategic period
Output Indicator 1.6	Number of earners funded by the NSF for worker education during the specified financial year
Disaggregation of beneficiaries (where applicable)	Target for woman: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Quarterly and cumulative (year-end)
Desired performance	Trade unions, their education programmes, as well as other worker-initiated training programmes play an important role in the further education and training of workers in broader sectoral policy and capacity to effectively engage in the workplace and broader economy. Trade unions and worker education and training initiatives are able to use the critical networks of their organisations (e.g. shop stewards and union officials) to educate their members and other workers to suit their needs in a manner that is also beneficial to the economy as a whole. South Africa has a long history of worker education and training that needs to be supported and expanded. Worker-initiated education and training can contribute to a workforce that is better able to understand the challenges facing the economic sectors in which they operate. This would benefit the workplace, our economy as well as the developmental objectives of our country.
Indicator responsibility	*Joint responsibility between:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Chief Financial Officer Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme

PART D TECHNICAL INDICATOR DESCRIPTIONS

SUB-PROGRAMME 1.2: IMPROVED PSET

Outcome 2	90% of projects aimed at increasing access, improving effectiveness and integrating the PSET system have successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period.
Outcome 2.1	90% of completed NSF-funded projects aimed at PSET system improvement that have achieved more than 60% of the envisaged outcomes over the five-year strategic period
Output 2.1	Percentage of NSF-funded projects aimed at PSET system improvement that have achieved a percentage of the envisaged outputs
Output Indicator 2.1	Percentage of NSF-funded projects aimed at PSET system improvement that have achieved a percentage of the envisaged outputs
Definition	Percentage of projects aimed at PSET system improvements with clear business plans implemented with the percentage of outputs achieved.
Source of data	Source documents: An approved business plan per project, indicating clearly the following per project: • Resources required (inputs), captured in the form of a project budget, which is further broken down into relevant timeframes. Each project budget must be evaluated for value for money, with a report outlining the evaluation and a conclusion on whether the project budget is value for money. • Activities to be performed, captured in the form of a project plan. • Outputs to be delivered within agreed-upon timeframes, as well as overall for the project. • Outcome to be achieved with each project. • Timeframes. Collection of data: The percentage of NSF-funded projects aimed at PSET system improvements with a clear business plan and budget breakdown will be determined from the number of projects that have a clear business plan and budget breakdown.
Method of calculation / Assessment	Calculation formula: Percentage (%) of projects PSET system improvement that have achieved a percentage of the envisaged outputs with clear business plans implemented: Number of approved projects - Number of projects with a clear business plan and reported achieved outputs = Number of projects implemented with achieved envisaged outcomes; And Number of projects aimed at PSET system improvement that have been implemented with reported achieved outputs / Number of projects aimed at PSET system improvements *100 = Percentage of projects that have been implemented with achieved outcomes. An overall conclusion will be formed on each project as to whether it was successful in achieved the most of the envisaged outputs, which will be performed as part of evaluating the final close-out report.

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 2	90% of projects aimed at increasing access, improving effectiveness and integrating the PSET system have successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period.
Outcome 2.1	90% of completed NSF-funded projects aimed at PSET system improvement that have achieved more than 60% of the envisaged outcomes over the five-year strategic period
Output 2.1	Percentage of NSF-funded projects aimed at PSET system improvement that have achieved a percentage of the envisaged outputs
Output Indicator 2.1	Percentage of NSF-funded projects aimed at PSET system improvement that have achieved a percentage of the envisaged outputs
Definition	Percentage of projects aimed at PSET system improvements with clear business plans implemented with the percentage of outputs achieved.
Disaggregation of beneficiaries (where applicable)	Target for woman: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Non-cumulative (year-end)
Desired performance	To improve and integrate the PSET system towards increasing access to quality education and training and in response to the strategic priority interventions that seek to support the realisation of socio-economic development in South Africa. To improve project management and close out of projects in support of strengthening the PSET system to increase access to quality and relevant education and training. This includes research, innovation and capacity building as well as constituency-based skills development interventions.
Reporting cycle	Annual
Indicator responsibility	*Joint responsibility between:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Chief Financial Officer Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 2	90% of projects aimed at increasing access, improving effectiveness and integrating the PSET system has successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period.
Outcome 2.2	Percentage of completed NSF-funded projects aimed at PSET system improvement that have achieved a percentage of the envisaged outcomes over the five-year strategic period
Output 2.2	Percentage of completed NSF-funded projects aimed at increasing access to the PSET system that have achieved a percentage of the envisaged outputs
Output Indicator 2.2	Percentage of NSF-funded projects aimed at increasing access to the PSET system that have achieved a percentage of envisaged outputs
Definition	Percentage of projects aimed at increasing access to the PSET system that have a clear business plans implemented and that have achieved a percentage of the envisaged outputs.
Source documents:	Source of data An approved business plan per each project, indicating clearly the following per project: • Resources required (inputs), captured in the form of a project budget, which is further broken down into relevant timeframes. Each project budget must be evaluated for value for money, with a report outlining the evaluation and a conclusion on whether the project budget is value for money. • Activities to be performed, captured in the form of a project plan. • Outputs to be delivered within agreed-upon timeframes, as well as overall for the project; • Outcome to be achieved with each project. • Timeframes. Collection of data: The percentage of NSF-funded projects aimed at increasing access to PSET system with a clear business plan and budget breakdown will be determined from the number of projects that have a clear business plan and budget breakdown.
Method of calculation / Assessment	Calculation formula: Percentage (%) of projects aimed at increasing access to PSET that have achieved a percentage of the envisaged outputs with clear business plans implemented: Number of approved projects - Number of projects with a clear business plan and reported achieved outputs = Number of projects implemented with achieved enviaged outcomes; And Number of projects aimed at increasing access that have been implemented with reported achieved outputs / Total number of projects aimed at increasing access *100 = Percentage of projects that have been implemented with achieved outcomes. An overall conclusion will be formed on each project as to whether it was successful in achieving most of the envisaged outputs, and which will be determined as part of evaluating the final close-out report.

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 2	90% of projects aimed at increasing access, improving effectiveness and integrating the PSET system has successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period.
Outcome 2.2	90% of completed NSF funded projects aimed at PSET system improvement that have achieved more than 60% of the envisaged outcomes over the five-year strategic period
Output 2.2	Percentage of completed NSF funded projects aimed at increasing access to the PSET system that have achieved a percentage of the envisaged outputs
Output Indicator 2.2	Percentage of NSF funded projects aimed at increasing access to the PSET system that have achieved a percentage of envisaged outputs
Assumptions	Timeframe of project within the financial year cycle. Functional MS Dynamics and performance information reported and verified. Sufficient funding.
Disaggregation of beneficiaries (where applicable)	Target for woman: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Non-cumulative (year-to-date)
Desired performance	To improve and integrate the PSET system towards increasing access to quality education and training in response to the strategic priority interventions that seek to support the realisation of socio-economic development in South Africa. To improve project management and close out of projects in support of strengthening the PSET system to increase access to quality and relevant education and training. This includes infrastructure and innovation.
Reporting cycle	Annual
Indicator responsibility	*Joint responsibility between:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Chief Financial Officer Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme

PART D TECHNICAL INDICATOR DESCRIPTIONS

PROGRAMME 2: ORGANISATIONAL SUSTAINABILITY

Outcome 3:	Improving effectiveness and efficiency of the NSF organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period
Outcome Indicator 3.1	Obtain clean audit outcomes over the five-year strategic period
Output 3.1	Improved internal business excellence and service delivery
Output Indicator 3.1	Audit opinion outcome during the end of each financial year
Definition	An auditor's opinion outcome is a certification that accompanies financial statements. It is based on an audit of the procedures and records used to produce the statements and delivers an opinion as to whether material misstatements exist in the financial statements. It is an outcome of an auditor's review of an organisation's financial statements. The CLEAN AUDIT OUTCOME: Clean audit outcome relates to three aspects; the financial statements are free from material misstatements, there are no material findings on the annual performance report and lastly, there are no material findings on non-compliance with legislation. FINANCIALLY UNQUALIFIED AUDIT OPINION: The financial statements contain no material misstatements. Unless the Auditor-General expresses a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects. QUALIFIED AUDIT OPINION: The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated. ADVERSE AUDIT OPINION: The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements. DISCLAIMER OF AUDIT OPINION: The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements
Source of data	Source documents: The information is collected from the audit opinion issued by the Auditor-General in the previous financial year. Collection of data: The audit opinion is derived from the previous financial year's annual report.
Method of calculation / Assessment	The method of calculation is by comparing the previous year's audit opinion with that of the previous year's financial and performance information reported on 31 May of each financial year determining whether there has been an improvement in the audit opinion from that of the prior year. The previous year's audit opinion issued by the Auditor-General and the movement in the audit outcome issued. Significant progress (>50% of audit findings raised) made by management on addressing the audit finding raised by the Auditor-General in the external audit action plan.

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 3:	Improving effectiveness and efficiency of the NSF organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period
Outcome Indicator 3.1	Obtain clean audit outcomes over the five-year strategic period
Output 3.1	Improved internal business excellence and service delivery
Output Indicator 3.1	Clean audit outcome at the end of each financial year
Assumptions	There are no assumptions; the audit opinion is based on the annual financial statements, annual performance report and supporting evidence provided to the AGSA.
Calculation type	Non-cumulative (year-to-date)
Reporting cycle	The reporting is annual and for the five-year strategic period.
Indicator responsibility	*Joint responsibility between:* Chief Financial Officer Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation *Key support responsibility:* Director: Legal, Governance, Risk and Compliance Director: Initiation and Evaluation Director: Bursaries Directors: Regional/Programme Director: HRM

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 3:	Improving effectiveness and efficiency of the NSF organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period
Outcome 3.2	90% of funded positions filled by the end of the strategic period
Output 3.2	Improved internal business excellence and service delivery
Output Indicator 3.2	Percentage of funded positions filled by the end of each financial year
Definitions	The percentage of other positions filled by year-end (%) "Positions" relate to funded positions and not to unfunded positions. "Funded" positions mean those positions that have been approved by the Director-General and / or Minister, whichever is applicable and there is sufficient funding available to fund the positions as at year-end.
Source of data	Source documents: A staff establishment register needs to be kept of all the posts approved and funded, with the relevant level of each post. The staff establishment register should also indicate the person appointed against each post approved and funded, supported by the employment contract (an employee file). Collection of data: The staff establishment register will be collated from the posts approved by the Director-General and / or Minister, whichever is applicable, for which there are sufficient funding. The establishment register will also be updated with signed employment contracts.
Method of calculation / Assessment	Annual and quarterly targets: The number of positions filled as a percentage of the total number of positions approved and funded. Calculation formula: Percentage of positions filled (%) = Number of positions filled / Total number of approved and funded positions * 100
Assumptions	Budget availability. The accuracy, completeness and validity of the indicator depend on the accuracy, completeness and validity of the staff establishment register. Approved organogram DHET Human Resource Recruitment processes within timeframes and are timeously advertised and approved.
Disaggregation of beneficiaries	Target for woman: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-end)
Reporting cycle	Annual
Desired performance	The annual target strives towards filling at least 90% of the other approved and funded positions.
Indicator responsibility	*Joint responsibility between:* Executive Officer Heads of each unit *Key support responsibility:* Director: HRM

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 3:	Improving effectiveness and efficiency of the NSF organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period
Outcome 3.3	Improve the percentage of client satisfaction rating to 70% by the end of the strategic period
Output 3.3	Improved internal business excellence and service delivery
Output Indicator 3.3	Improve the percentage of client satisfaction rating at the end of the specified reporting period (biennially)
Definitions	Percentage of client satisfaction rating at the end of specified reporting period. "Client" refers to the broad range of SDPs and strategic partners that are implementing skills development interventions with funding from the NSF. "Client satisfaction" is regarded as the measure of how the needs of clients (SDPs and strategic partners) and responses from the NSF are collaborated and delivered to excel client expectation. Client satisfaction is a part of clients' experiences that will expose the NSF's behavior on clients' expectations.
Source of data	Source documents: Final customer satisfaction report produced of biennially (after every two years). Collection of data: • Survey administered to clients face-to-face/telephonically/via email. • In-depth focus groups/interviews with key decision makers (SDPs and strategic partners).
Method of calculation / Assessment	The percentage of 'satisfied' or 'very satisfied' responses will be regarded as overall client satisfaction. Quantitative: A descriptive scale that measures the clients' response from very dissatisfied to satisfied. The client will be given a list of questions to choose from that range from very dissatisfied to very satisfied. • Very dissatisfied • Dissatisfied • Neither satisfied nor dissatisfied • Satisfied • Very satisfied Qualitative: In-depth interviews of the decision-makers (SDPs and strategic partners) will assist to review NSF systems, disciplines and procedures from the client's point of view, and should also identify any "people" issues the NSF may have. Raw survey data and a computation of the survey findings, as well as focus group and interview recordings will be key reporting requirements.

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 3:	Improving effectiveness and efficiency of the NSF organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period
Outcome 3.3	Improve the percentage of client satisfaction rating to 70% by the end of the strategic period
Output 3.3	Improved internal business excellence and service delivery
Output Indicator 3.3	Improve the percentage of client satisfaction rating at the end of the specified reporting period (biennially)
Assumptions	Availability and responsiveness of SDPs and strategic partners in the surveys, interviews/focus groups. Appropriate sampling to ensure a balanced representation of NSF clients. Budget availability. Responsiveness of suitably qualified (market) research companies to the call for request for proposals for the research design, implementation and reporting.
Disaggregation of beneficiaries	Sampling of clients (SDPs and strategic partners) to be evenly split across NSF sub-programmes – Education & Training and Improved PSET System.
Spatial transformation (where applicable)	Sampling of clients (SDPs and strategic partners) to reflect the national footprint of the NSF, with a fair split between SDPs operating in urban, peri-urban and rural areas.
Calculation type	Non-cumulative - percentage of clients (SDPs and strategic partners) that are satisfied with the NSF at the end of each financial year.
Reporting cycle	Biennial (every two years)
Desired performance	70% satisfaction rate at the end of the five-year strategic period.
Indicator responsibility	*Key joint responsibility:* Director: Public Relations and Communication *Key support:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation Chief Financial Officer

PART D TECHNICAL INDICATOR DESCRIPTIONS

Outcome 3:	Improving effectiveness and efficiency of the NSF organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period
Outcome Indicator 3.4	90% of the key ICT needs addressed or in process of being addressed by the end of the strategic period
Output 3.4	Improved internal business excellence and service delivery
Output Indicator 3.4	Percentage progress against implementation plan of the ICT strategy by the end of each financial year
Definitions	Percentage of key ICT needs that have been implemented at year-end (%) "Implemented" means the ICTs have been completely implemented, are operational within the NSF and are being used by the targeted users in their day-to-day activities. "Key ICT needs" refers only to important ICT needs as determined by the NSF's ICT management and not to all its ICT needs.
Source of data	Source documents: An ICT register kept of all key ICT that is needed by the NSF vs. what has been implemented for use by the NSF. Collection of data: The register to be collated from the necessary supporting documents (e.g. ICT contracts implemented).
Method of calculation / Assessment	Annual targets: ICT implemented at year-end as a percentage of the ICT needs identified at the beginning of the financial year. Calculation formula: Percentage of key ICT needs that have been implemented at year-end (%) = Number of ICT implemented at year-end / Number of key ICT needs * 100 One key ICT item listed on the ICT register will be regarded as one unit for calculation of this target.
Assumptions	Budget available. Internal ICT capacity Clear and well managed service level agreements.
Disaggregation of beneficiaries	Target for woman: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year- to- date) with Annual Targets: Percentage, key ICT that have been implemented as a percentage of the key ICT needs.
Reporting cycle	Annual and cumulative over the five-year period. Cumulative (year to date)
Desired performance	To implement 90% of key ICT needs as the timely availability of ICT is essential for the effective and efficient operations of the NSF in achieving its objectives.
Indicator responsibility	*Key responsibility:* Director: ICT and Analytics *Supported by:* Chief Director: Strategy, Organisational Performance and Innovation Chief Director: Skills Development Implementation Chief Financial Officer

ANNEXURES

ANNEXURE A

NSF ALIGNMENT TO KEY STRATEGIES AND POLICIES OF GOVERNMENT

Key area	Relevance							NSF response	Strategic input
	WP-PSET	NSDS III /NSDP	HRDSSA	NDP	MTSF	DHET Strategic Plan	WP-STI		
1) Educational institutions and employer partnerships linked to work integrated learning	X	X		X	X	X		The NSF acknowledges that work integrated learning (WIL) is a key area of intervention. Funding mechanisms will be integrated to steer the PSET system towards systemically incorporating work integrated learning as part of learners' education and training. The NSF will also contribute towards addressing current WIL gaps experienced by current learners that have completed their theoretical education and training, but lack workplace training. The NSF will also contribute towards continued research, analysis and planning required in this area. The NSF will continue to facilitate WIL partnerships, understand the total learner value chain right up to work integrated learning and focus on areas of need.	Ongoing research, analysis and planning are required in the area for WIL. Stakeholder relationships should be facilitated to bring learning and the workplace closer together and funding mechanisms should steer learning and the workplace closer together. Projects should be structured to include practical experience to learners through work based training as part of the overall value chain.
2) Effective skills demand planning through research and analysis (including planning system)		X	X	X		X		The NSF will continue to fund the development and establishment of effective skills supply and demand planning through research and analysis. The NSF-funded the Labour Market Intelligence Project (LMIP), Applied Development Research Solutions (ADRS) Wits Educational Policy Unit and Higher Education and Training Management Information System (HETMIS). The NSF will also provide seed funding for the establishment of a National Skills Planning Unit.	The NSF will improve internal strategic planning capabilities, through: i) The appointment of strategic, research and analysis capacity. ii) The implementation of enabling strategic, research and analysis technology. iii) The formation of strong linkages between the National Skills Planning unit and the NSF's internal strategic planning function to ensure integrated planning takes place.

ANNEXURE A

Key area	Relevance							NSF response	Strategic input
	WP-PSET	NSDS III /NSDP	HRDSSA	NDP	MTSF	DHET Strategic Plan	WP-STI		
3) Departmental review of legislation and White Paper alignment					X		X	The NSF has special interest in this area and continues to participate actively in the development of the White Paper implementation plan, as well as fund areas already under implementation. Redefining the skills system and SETA landscape is a critical area of collaboration.	The NSF to collaborate with stakeholders and participate in the process to ensure alignment of stakeholders and optimum value from funding of projects. Lessons learned including insights from the NSF evaluation study will be shared to improve future policies.
4) Promoting partnerships and innovation in project delivery		X					X	The NSF has to further unpack and understand the roles and responsibilities of partners, in the context of external factors. There should be regular communication to obtain the commitment from stakeholders.	Stakeholder strategies and frameworks are important. The NSF must strengthen its capabilities in this area and incorporate stakeholder requirements in funding contracts. Partnerships with various stakeholders will have to be initiated and strengthened in line with the NSF strategic planning processes.
5) TVET colleges capacitation and infrastructure	X	X		X	X		X	The NSF is funding this area. The NSF recognises that this is not a once off intervention, but rather a continuous funding exercise. Thus, not a short term effect, but rather a long term consideration. The NSF acknowledges that further planning is required.	The NSF understands that it will be involved in the expansion of the TVET college system and must participate in the planning and definition of its involvement. A stakeholder strategy and framework to be compiled and implemented. The NSF may have to acquire the necessary skills and capacity to drive infrastructure project outcomes.

ANNEXURE A

Key area	Relevance							NSF response	Strategic input
	WP-PSET	NSDS III /NSDP	HRDSSA	NDP	MTSF	DHET Strategic Plan	WP-STI		
6) CET colleges development	X			X	X		X	This area is still under development and NSF will work with the DHET CET Branch to assist in both policy development and in piloting a few projects that will continue to support learners. This area may potentially have a substantial financial implication.	The NSF will have to promote partnerships between universities and colleges. Provincial Skills Development Forums and others will be utilised in each province to ensure that the CET work is achieved.
7) The implementation of the NSDP 2030	X			X	X		X	The NSDP has been approved as aligned to the NP-PSET. Legislative amendments and implementation will seek to strengthen the position and mandate of the NSF. SETAs have the industry links that are required to bring learning and workplace closer together, and should be used and protected. Partnerships with workplaces and SETAs are a critical lever for the realisation of the NSF strategic objectives of increasing access to education and training.	The NSF to be actively involved in the strategy formulation and support. The NSF to play a role in defining the implementation of the NSDP and improving the levy system in its entirety.
8) Artisan development strategy operationalisation	X	X		X			X	The NSF is currently funding this area and it will remain a high focus area in the future.	The funding plan for artisan development should be refined and aligned to subsectors.
9) Development of scarce and critical skills (incorporating SIPs)	X	X	X	X	X		X	This is a high focus area, especially with regards to bursary allocations and vocational and technical skills through TVET colleges. The NSF will utilise funding mechanisms to guide bursary allocations to universities and skills developed through the public TVET college system towards training of learners on scarce and critical skills. This includes scarce and critical skills bursaries for students in the university sector and the creation of centres of specialisation at public TVET colleges that are linked to scarce and critical skills.	The NSF's utilisation of research to guide funding mechanisms is important. The NSF will proactively plan to satisfy demand for scarce skills through focussed funding. The NSF will incorporate skills to deliver SIPs and the Operation Phakisa initiatives in its TVET college projects and bursary requirements.

ANNEXURE A

Key area	Relevance							NSF response	Strategic input
	WP-PSET	NSDS III /NSDP	HRDSSA	NDP	MTSF	DHET Strategic Plan	WP-STI		
10) Improve the quality of education and training in post school education	X						X	Large amounts of money are spent on bursaries as well as on vocational and technical skills delivery through TVET colleges – The NSF wants to ensure an increase in the success rate and throughput of beneficiaries. The NSF has to move closer to the relevant role players to ensure money spent complies with NSF rules, such as scarce skills coverage, acceptable throughput and student mentoring programmes. The NSF will also contribute towards specific initiatives aimed at improving the quality of management, lecturers, curriculum, systems, processes and infrastructure in TVET colleges.	All beneficiaries to complete courses, with required coaching and mentorship and funding provided. Mentorship and coaching needs to be refined and driven. The NSF will keep on funding this aspect in future. There must be integration across all systems and data.
11) Facilitate partnerships and development of SMMEs		X		X			X	The NSF acknowledges that this is a key aspect in creating economic growth.	Link to departmental plans, partnerships to train SMMEs, community college funding – further research and analysis is required. Establish linkages with the DSI in the area of innovation and SMME support as well as those with core state interventions with regards to SMME and co-operative skills development support.
12) Worker, NGO and community based education programmes		X		X				The NSF recognises this as an important link in the skills development value chain.	Analysis and planning in collaboration with the existing task team is required in this area. The NSF must link with stakeholders and understand strategies in this area. The NSF must identify gaps in the value chain and consider specific recommendations made by stakeholders recently, to define its role.

ANNEXURE A

Key area	Relevance							NSF response	Strategic input
	WP-PSET	NSDS III /NSDP	HRDSSA	NDP	MTSF	DHET Strategic Plan	WP-STI		
13) Recognition of Prior Learning (RPL) integration	X							The industry becomes challenging in this area. There are perceived levels of learning that are not acceptable to the industry. Industry and learning must be linked, and training standardised.	The NSF to meet with role players to better understand the value chain and gaps. Funding for capacitation, training and the system. Influence and collaboration so that previous training is validated and components are taken into account.
14) PSET integration	X	X	X	X	X		X	The NSF supports integration initiatives. The NSF can use this for access to stakeholders.	Through funding, assist to integrate the PSET system. The NSF requires ICT specialists to assess whether the NSF and the PSET system gets optimal benefit from ICT funded projects and whether synergies can be unlocked through integration with existing ICT systems in the PSET environment, rather than duplication. Robust methodologies and frameworks have to be in place in which the NSF will fund information systems and information technology.

ANNEXURE B

MATERIALITY AND SIGNIFICANCE FRAMEWORK

In terms of Treasury Regulation 28.3, read with section 55(2) related to materiality and section 54(2) related to significance of the PFMA, the accounting authority of the NSF must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority.

The Standards of Generally Recognised Accounting Practice (GRAP) on Presentation of Financial Statements (GRAP 1) defines materiality as: Information is material when it could individually or collectively influence the decisions or assessments of the users made on the basis of financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both could be the determining factor.

The ethical conduct of the NSF and staff is built on moral values such as trust, integrity, confidentiality and discretion and underpins our commitment to adhere to the highest possible acceptable norms and standards of society in all our dealings with our clients and stakeholders as well as the relationships with the organisation. Our staff members will refrain from any conduct that may be prejudicial to the image, name and good standing of the NSF and will ensure that all activities will be done according to the legal framework of South Africa.

TREASURY REGULATION 28.3.1
"For purposes of material (section 55(2) of the PFMA) and significant (section 54(2) of the PFMA), the accounting authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority."

Legislative requirements		Materiality and disclosure
Section 55(2)	The annual report and financial statements referred to by PFMA subsections 55(1)(d) must – (a) Fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned.	Quantitative materiality figure to ensure fair presentation of the financial statements, taking into account GRAP1. **Materiality range derived:** Between 0.25% and 0.75% of the Total Budgeted Expenditure The entity is expenditure-driven as it is focused on service delivery through expenditure. Thus, it is appropriate to use Total Budgeted Expenditure alone as the base amount. **Figures relevant:** Total Budgeted Expenditure based on the NSF's budget for the financial year ending 31 March 2021 and projected budget ending 31 March 2022. Year ending 31/03/2021: R6 358 703 000 Year ending 31/03/2022: R5 259 965 000 **2020/21 financial year:** Lowest range: Calculated as R15 896 760 Highest range: Calculated as R47 690 270 **2021/22 financial year:** Lowest range: Calculated as R13 149 910 Highest range: Calculated as R39 449 740 **NSF materiality framework conclusion:** Based on judgement of NSF management, the risks identified and the knowledge of the business the proposed materiality figure is set as follows: 2020/21: R15 896 760 2021/22: R13 149 910

ANNEXURE B

Legislative requirements		Materiality and disclosure
Section 55(2)	The annual report and financial statements referred to by PFMA subsections 55(1)(d) must – (b) Include particulars of –	
	(i) Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.	• All losses through criminal conduct are included in the financial statements.
	(ii) Any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure.	• Treasury Regulations 9.1.5 and 28.2.1 require the accounting authority to disclose all irregular expenditure incurred as a note to the annual financial statements.
	(iii) Any losses recovered or written off.	• All criminal or disciplinary steps taken. • All losses recovered or written off.
	(iv) Any financial assistance received from state and commitments made by the state on its behalf.	• All financial assistance received from the state (zero budget for 2020/21).
	(v) Any other matters that may be prescribed.	• Will disclose as prescribed when applicable.
	(c) Include the financial statements of any subsidiaries.	• Not applicable.
Section 54(2)	Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction –	
	(a)Establishment or participation in the establishment of a company.	• All transactions regarding establishment or participation in the establishment of a company.
	(b)Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement.	• All participation transactions in a significant partnership, trust, unincorporated joint venture or similar arrangement.
	(c)Acquisition or disposal of a significant shareholding in a company.	• All transactions in any acquisition or disposal of a significant shareholding in a company.
	(d)Acquisition or disposal of a significant asset.	• All transactions regarding acquisition or disposal of immovable assets.
	(e)Commencement or cessation of a significant business activity.	• All business activity that is outside of the approved strategic plan and budget and would impact on the NSF's ability to fulfil its mandate.
	(f)A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated point venture or similar arrangement.	• All participation transactions in a significant partnership, trust, unincorporated joint venture or similar arrangement

ANNEXURE C

NSF INFRASTRUCTURE INVESTMENT

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Disbursements to date	Expenditure incurred not yet paid	Closing commitment value
TVET College Sub-System Development, Capacity Building and Support		**159 487 245,16**			**140 101 552,50**		**19 285 161,64**
NSF/16/2/4/39	South Cape TVET College (COS)	4 416 193,00	1 Aug 18	31 Mar 20	3 620 187,75	-	796 005,25
NSF/16/2/4/47	Gert Sibande TVET College (COS)	8 808 850,74	1 Aug 18	31 Mar 20	8 000 697,99	-	808 152,75
NSF/16/2/4/40	False Bay TVET College (COS)	12 514 373,34	1 Aug 18	31 Mar 20	10 334 468,99	-	2 179 904,35
NSF/16/2/4/41	College of Cape Town TVET College (COS)	8 604 915,53	1 Aug 18	31 Mar 20	7 354 451,88	-	1 250 463,65
NSF/16/2/4/46	Boland TVET College (COS)	10 782 771,38	1 Aug 18	31 Mar 20	10 012 963,88	-	769 807,50
NSF/16/2/4/38	East Cape Midlands TVET College (COS)	7 162 472,38	1 Aug 18	31 Mar 20	6 367 063,21	-	795 409,17
NSF/16/2/4/44	Port Elizabeth College TVET College (COS)	3 216 989,87	1 Aug 18	31 Mar 20	2 423 795,21	-	793 194,66
NSF/16/2/4/45	Sekhukhune TVET College (COS)	3 443 129,07	1 Aug 18	31 Mar 20	2 646 855,07	-	796 274,00
NSF/16/2/4/50	West Coast College (COS)	8 179 527,18	1 Aug 18	31 Mar 20	7 369 643,68	-	809 883,50
NSF/16/2/4/43	Majuba TVET college (COS)	7 562 322,99	1 Aug 18	31 Mar 20	6 752 976,99	-	809 346,00
NSF/16/2/4/42	Umfolozi TVET College (COS)	13 819 884,23	1 Aug 18	31 Mar 20	12 215 796,10	-	1 604 088,13
NSF/16/2/4/49	Tshwane South TVET College (COS)	15 214 906,86	1 Aug 18	31 Mar 20	15 126 214,02	-	88 692,84
NSF/16/2/4/48	Mopani South East TVET College (COS)	7 711 677,13	1 Aug 18	31 Mar 20	6 187 557,71	-	1 524 119,42
NSF/16/2/4/53	Northlink TVET College (COS)	11 213 835,63	1 Aug 18	31 Mar 20	10 424 495,38	-	789 340,25
NSF/16/2/4/52	Ekurhuleni East TVET College (COS)	7 896 755,17	1 Aug 18	31 Mar 20	7 087 409,17	-	809 346,00
NSF/16/2/4/51	Flavius Mareka TVET College (COS)	10 896 081,26	1 Aug 18	31 Mar 20	9 309 230,23	-	1 586 851,03
NSF/16/2/4/54	Vuselela TVET College (COS)	4 062 097,94	1 Aug 18	31 Mar 20	3 366 623,71	-	695 474,23
NSF/16/2/4/56	Northern Cape Urban TVET College (COS)	4 524 847,82	1 Aug 18	31 Mar 20	3 728 573,82	-	796 274,00
NSF/16/2/4/55	Orbit TVET College (COS)	9 455 613,64	1 Aug 18	31 Mar 20	7 873 078,73	-	1 582 534,91

ANNEXURE C

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Disbursements to date	Expenditure incurred not yet paid	Closing commitment value
TVET College Infrastructure Development		**598 969 546,78**			**216 930 287,36**		**382 039 259,42**
NSF/16/3/2/8	TVET:ID: DSPP - Ekurhuleni East TVET College	23 065 000,00	2 Jan 16	31 Dec 19	21 195 554,95	-	1 869 445,05
NSF/16/3/2/10	TVET:ID: DSPP - Eastcape Midlands TVET College	15 315 000,00	1 Jul 16	31 Dec 19	11 234 657,80	-	4 080 342,20
NSF/16/3/2/6	TVET:ID: King Sabata -Dalindyebo (KSD)	59 259 967,00	12 Sep 16	31 Dec 18	59 259 967,00	-	-
NSF/16/3/2/7	TVET:ID: Lovedale Infrastructure	63 410 135,00	9 Sep 16	30 Nov 18	61 513 121,15	-	1 897 013,85
NSF/16/3/2/13	TVET:ID: False Bay (Swartklip)	180 000 000,00	30 May 18	30 Jun 21	24 354 852,36	-	155 645 147,64
NSF/16/3/2/15	TVET:ID: DSPP:UMFOLOZI TVET COLLEGE	11 080 325,00	1 Jul 19	31 Mar 23	441 154,22	-	10 639 170,78
NSF/16/3/2/14	SANREN- SABEN - TVET CONNECTIVITY PROJECT	246 839 119,78	3 May 18	30 Jun 20	38 930 979,88	-	207 908 139,90
NSF reference number	**NSF project name**	**Contract value (Project budget)**	**Project start date**	**Project end date**	**Disbursements to date**	**Expenditure incurred not yet paid**	**Closing commitment value**
University Infrastructure Development		**875 795 181,09**			**791 957 171,03**		**83 838 010,06**
NSF/16/3/1/1	UV:ID: Saica Walter Sisulu University	189 454 020,00	3 Jan 12	31 Dec 20	175 625 980,83	-	13 828 039,17
NSF/16/3/1/2	UV:ID: University of Pretoria (Veterinary Programme)	164 200 478,27	1 Aug 12	31 Dec 19	121 265 849,39	-	42 934 628,88
NSF/16/3/1/3	UV:ID: University of Pretoria (MBChB Programme)	416 562 360,82	1- Aug-12	31 Dec 19	412 018 548,56	-	4 543 812,26
NSF/16/3/1/4	UV:ID: CPUT Renewable Energy Infrastructure Project	105 578 322,00	25 Jan 13	30 Sep 19	83 046 792,25	-	22 531 529,75
NSF reference number	**NSF project name**	**Contract value (Project budget)**	**Project start date**	**Project end date**	**Disbursements to date**	**Expenditure incurred not yet paid**	**Closing commitment value**
DHET infrastructure projects		**2 523 815 484,00**			**1 130 710 322,22**		**1 193 908 162,13**
NSF/16/3/2/1	TVET:ID: DHET - FET Infrastructure	2 500 000 000,00	9 Dec 13	31 Jul 21	1 041 629 818,41	266 311 958,15	1 192 058 223,44
NSF/16/2/4/13	DHET: Appointment of Consultants for the Infrastructure Development Project (IDP)	23 815 484,00	1 Jun 14	30 Jun 18	89 080 503,81	12 985 041,50	1 849 938,69
NSF reference number	**NSF project name**	**Contract value (Project budget)**	**Project start date**	**Project end date**	**Disbursements to date**	**Expenditure incurred not yet paid**	**Closing commitment value**
Approved amounts not yet contracted							
TBA	Clerks of Work FOR TVET COLLEGES	10 200 000,00					
TBA	COW FOR TVET COLLEGES (additional Allocation)	13 182 576,00					

ANNEXURE D

ACRONYMS

4IR	Fourth industrial revolution
AIDS	Acquired immune deficiency syndrome
AGSA	Auditor-General of South Africa
APP	Annual performance plan
ARPL	Artisan recognition of prior learning
CET	Community education and training
CHE	Council on Higher Education
CoS	Centres of Specialisation
DHET	Department of Higher Education and Training
Director-General	Director-General of Higher Education and Training
DoL	Department of Labour
DPME	Department of Planning, Monitoring and Evaluation
DSBD	Department of Small Business Development
DST	Department of Science and Technology
EPWP	Extended Public Works Programme
HETMIS	Higher Education and Training Management Information System
HIV	Human immunodeficiency virus
HRDCSA	Human Resource Development Council of South Africa
HRDSSA	Human Resource Development Strategy of South Africa
HRM	Human resources management
ICT	Information and communication technology
INDLELA	Institute for the National Development of Learnerships, Employment Skills and Labour Assessments
IPAP	Industrial Policy Action Plan
LMIP	Labour Market Intelligence Programme
Minister	Minister of Higher Education, Science and Technology
MTEF	Medium-term expenditure framework
MTSF	Medium-term strategic framework
NAMB	National Artisan Moderating Body
NARYSEC	National Rural Youth Service Corps
NSFAS	National Student Financial Aid Scheme
NDP	National Development Plan
NEET	Not in employment, education nor training
NGO	Non-governmental organisation
NGP	New Growth Path
NP-PSET	National Plan for Post-School Education and Training
NQF	National qualifications framework
NSA	National Skills Authority
NSDP	National Skills Development Plan
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSI	National system of innovation
OIHD	Occupations in high demand
PFMA	Public Finance Management Act, No. 1 of 1999, as amended, including related regulations and practice
PIC	Public Investment Corporation
PSDF	Provincial Skills Development Forum
PSET	Post-school education and training
QCTO	Quality Council for Trades and Occupations
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SDA	Skills Development Act, No. 97 of 1998, as amended, including related regulations and practice notes
SDL	Skills Development Levies Act, No. 9 of 1999 as amended, including related regulations and practice notes
SEDA	Small Enterprise Development Agency
SETA	Sector education and training authority
SIPs	Strategic infrastructure projects
SMME	Small, medium and micro-sized enterprise
TVET	Technical and vocational education and Training
UIF	Unemployment Insurance Fund
UMALUSI	Umalusi Council for Quality Assurance in General and Further Education and Training
WIL	Work-integrated learning
WP-PSET	White Paper for Post-School Education and Training
WP-STI	White Paper for Science, Technology and Innovation

ADDENDUM 1 TO THE NATIONAL SKILLS FUND ANNUAL PERFORMANCE PLAN

FOR 2020/21

OFFICIAL SIGN-OFF

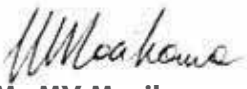
It is hereby certified that this addendum to annual performance plan:

1. Was developed by the management of the National Skills Fund under the guidance of the Minister of Higher Education, Science and Innovation, Dr BE Nzimande, MP.
2. Takes into account all the relevant policies, legislation and other mandates for which the National Skills Fund is responsible.
3. Accurately reflects the impact, outcomes and outputs which the National Skills Fund will endeavour to achieve over the period 1 April 2020 to 31 March 2021 given the resources budgeted and received during the period.

Ms MD Erra
Chief Director: Strategy, Organisational Performance and Innovation

Mr W Minnie
Chief Financial Officer

Mr E Mashabane
Chief Director: Skills Development Implementation



Mr MV Macikama
Executive Officer

Mr GF Qonde
Director-General: Higher Education and Training
Accounting Authority of the National Skills Fund

APPROVED BY:

Dr BE Nzimande, MP
Minister: Higher Education, Science and Innovation
Executive Authority of the National Skills Fund

SUPPORTED BY:

Mr BK Manamela, MP
Deputy Minister: Higher Education, Science and Innovation

ADDENDUM 1

ADDENDUM 1 TO THE NATIONAL SKILLS FUND 2020/21 ANNUAL PERFORMANCE PLAN

Background

The National Skills Fund (NSF) 2020/21 Annual Performance Plan (APP) was approved and tabled in Parliament in March 2020. A consultative approach was taken in the development of the NSF 2020/21 APP, and has been aligned with the Department of Higher Education and Training (DHET) Strategic Plan and Annual Performance Plan amongst other government plans and policies.

The implementation of the NSF 2020/21 APP started during the first quarter of the financial year and was disturbed by the Coronavirus (Covid-19) pandemic that has had a sweeping effect on the economic activities and social development in the country. The pandemic resulted in a national state of disaster being declared on 23 March 2020 leading to a national lockdown as announced by President Cyril Ramaphosa with effect from 27 March 2020 up to16 April 2020 and subsequently extended by a further two weeks until the end of April. This was followed by the adoption and implementation of a phased-in approached referred to as the risk adjusted strategy to ensure the continued management and curbing the spread of Covid-19.

The challenging socio-economic climate brought about by Covid-19 led the government, through the Minister of Finance, to table the Special Adjustment Budget in Parliament on 24 June 2020. The Special Adjustment Budget affected government departments, public entities and other state organisations including the NSF. The budget for the NSF was reduced due to the implementation of a skills levy holiday for 4 months as part of the economic support package to businesses, this necessitated that the NSF amend its 2020/21 APP.

The Department of Planning Monitoring and Evaluation (DPME) Circular 02 of 2020 dated 20 May 2020 gave directive to government departments and state organs to review their approved APPs. The Department of Higher Education and Training further issued instructions through the Public Entities Circular No. 02 of 2020 issued on 19 June 2020 to the NSF and other entities. Both circulars were informed by the 'Revised Framework for the Strategic Plan and Annual Performance Plan'. The affected departments and entities were advised to revise their APPs and strategic plans to incorporate the changes brought by the Covid-19 pandemic and Special Budget Adjustment tabled by the Minister of Finance.

The NSF 2020-2025 Strategic Plan will be amended during the 2021/22 strategic planning cycle and will be tabled in Parliament for approval together with the 2021/22 APP.

The revised NSF 2020/21 APP includes the Covid-19 and economic portfolio plan and budget adjustment. This has been submitted to the Department of Higher Education and Training on 14 July 2020.

Impact of Covid-19

The NSF has crafted its strategic planning documents based on its mandate and strategic policy environment for the financial year. Its Annual Performance Plan (depicting indicators and/or targets) informed by these documents and budget aligned to these indicators have been approved. It is important to indicate that the Covid-19 outbreak was announced as a national disaster after these documents were finalised and approved at the end of February 2020. Covid-19 coupled with the country's downgrade presented a global economic crisis which placed South Africa (SA) in an opportune space to undertake a full and consolidated economic reform path that is still in process.

In an attempt to recoup the situation, the NSF conducted desktop research with regards to the socio-economic impact on SA due to Covid-19 and its impact on the NSF in terms of its skills development priorities. It became clear that the current condition of the South African economy contributes to the high unemployment rate which the country has been experiencing even prior to Covid-19. In summary, the triple challenge of high unemployment, inequality and poverty prior to Covid-19 became more elevated during the advent of Covid-19. Thus the triple challenge remains a key scope of the NSF strategic focus. There is still much research to be undertaken regarding the impact and interventions regarding Covid-19 especially in regards to the future world of work, the impact that Covid-19 has had on the labour market and the skills in demand. Research is a critical indicator in the NSF APP.

The challenges mentioned above necessitated the NSF, like other organisations to re-align or target and prioritise its outputs for the financial year 2020/21 (by reflecting the features of Covid-19) to a new path of socio- economic support in order to cater for the new expectations and needs brought by the pandemic challenges and the "new normal", as it has come to be termed.

SITUATIONAL ANALYSIS

NSF Response to Covid-19 Pandemic

The Covid-19 pandemic has created profound disruptions to the South African economy and society and thus, has had a major impact on the world of work. To respond to Covid-19, NSF reprioritised the scope and principles for the outputs and indicators in its 2020/21 APP as well as revised its budget for the financial period to strategic priorities and interventions for both the short and medium term. These included an extension of the NSF partnership project with Higher Health to improve strategic response, guidance and communication to the NSF and PSET stakeholder community, in relation to Covid-19.

NSF has considered the implications arising from the 4 month skills levy relief holiday to an estimated amount of R1,3 billion. This has led to the NSF identifying areas for reprioritised learning or economic sector interventions, for example training in digital skills, increasing training in support of SMME and cooperative development support. Furthermore, the NSF assessed its strategic plan and identified selected economic sectors to support government's response to Covid-19. Thus the NSF has developed the Covid-19 Action Plan and Economic Portfolio Plan underpinning the 2020-25 Strategic Plan and 2020/21 Annual Performance Plan as outlined in Table 1 below.

Table 1: 2020/21 NSF Covid-19 Action Plan and Economic Portfolio Areas

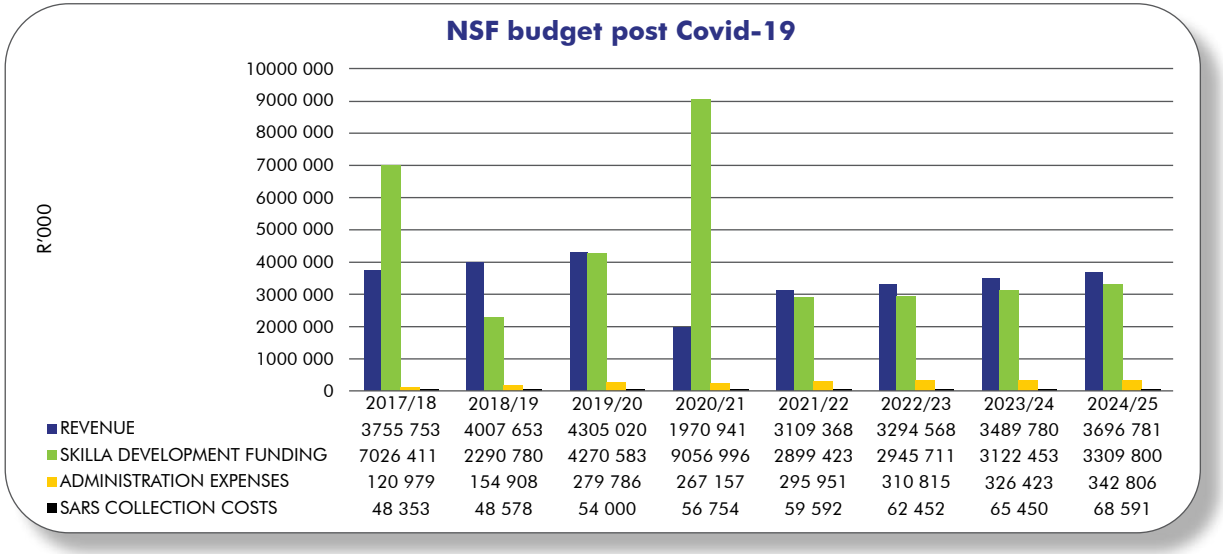
Areas	Description
Health	Higher Health's expansion to support activities to combat Covid-19 through capacity development and skills training for students in the post-school education and training (PSET) sector during and post lockdown and for the benefit of surrounding communities.
Digital	Development of programmes and training of beneficiaries in digital occupations and workplace opportunities. Funding additional students taking digital occupations in universities and TVET colleges.
PSET Research	Augment the research focus on the effects of Covid-19 on the economy, education and training, the labour market and areas of innovation including the green and circular economies. Initiate research on skills demand and supply in the pre, current and post Covid-19 SA labour market.
Innovation and Technological Advancements	Partnerships with employers to provide workplaces for training in new technology and innovation areas/new economies.
Green Economy	Due to the increase of digital waste, a partnership with the departments of Science and Innovation and Environment, Forestry and Fisheries regarding the management of digital equipment waste.
Transport and Logistics	Partnership discussion with Transport SETA and the Department of Transport on key interventions to support growth of requisite skills during and post Covid-19. Implement interventions in key sub-sectors such as maritime, road and air, logistics.
Artisan Development	Partnership arrangements/review with the Department of Public Enterprise on the continued use of state-owned companies' training academy capacity to ramp up production of artisans for the country. Nationwide annual recruitment of young people into the three-year apprentice programmes
Constituency Based Skills Development Interventions	Prioritised worker education interventions in light of the Covid-19 impact on the labour market. Recruit and train increased numbers of worker leaders from all SA federations, to capacitate same in relevant skills to lead the SA workforce in this period of new economic realities.
SMME and Cooperatives	Partnership with the departments of Small Business Development and Rural Development and Land Reform to identify and increase support for workplace and skills development support for SMMEs and Cooperatives.
Agriculture and Rural Development	Develop partnership arrangements with AgriSETA, Agri SA and the Department of Agriculture & Fisheries to enhance skills level of rural communities in plant and animal production. Increase number of trained members of communities in the food value chain, new farming technologies, for agility in the age of climate change.
TVET Capacity Building (PSET Improvements)	New skills required for lecturers in TVET colleges and to support distance learning. TVET applications for TVET Phase III funding to be augmented to include TVET capacity building.

RESOURCE CONSIDERATIONS

OVERVIEW OF THE NSF RESOURCE CONSIDERATION

The NSF had budgeted skills development funding at R27.5 billion over the five-year strategic period pre Covid-19. However, the budget for skills development funding is expected to decline by R6.2 billion to R21.3 billion over the five-year strategic period due to the impact of Covid-19. Figure 1 depicts the anticipated revenue of the NSF for the period 2020-25 across the key budget areas of skills development interventions and administration budgeted.

Figure 1: Adjusted Revenue and Budget for Skills Development Interventions and Administration 2020-25



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
REVENUE	3755 753	4007 653	4305 020	1970 941	3109 368	3294 568	3489 780	3696 781
SKILLA DEVELOPMENT FUNDING	7026 411	2290 780	4270 583	9056 996	2899 423	2945 711	3122 453	3309 800
ADMINISTRATION EXPENSES	120 979	154 908	279 786	267 157	295 951	310 815	326 423	342 806
SARS COLLECTION COSTS	48 353	48 578	54 000	56 754	59 592	62 452	65 450	68 591

The decline in the NSF's revenue as depicted in Figure 2, is mainly due to the impact of the four months skills development levy (SDL) tax holiday, which will result in a revenue decline of R1.294 billion (33%) from the original revenue projection of R3.882 billion. There is a further decline in SDL projections due to an anticipated decline in the national wage bill as a result of Covid-19, resulting in a further revenue loss estimated at R647 million. By the end of the first quarter of the 2020/21 financial year, it was uncertain by when the wage bill would recover. The SDL revenue projections were thus conservatively reduced over the medium term expenditure framework (MTEF). The investment income is also expected to decline due to a sharp decline in reserves.

RESOURCE CONSIDERATIONS

Figure 2: Revenue Pre vs Post Covid-19 2020-25

Pre Covid-19, skills development funding was budgeted at R27.5 billion over five-year strategic period as depicted in Figure 3. However, the budget for skills development funding is expected to decline by R6. 2 billion over the five-year strategic period due to the impact of Covid-19.

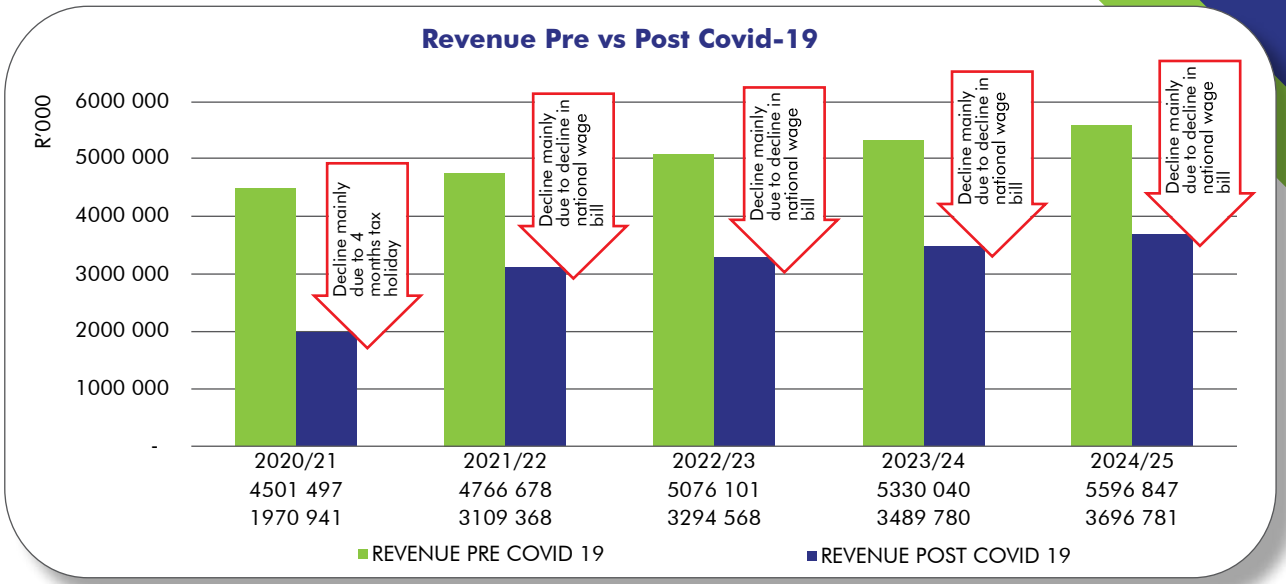
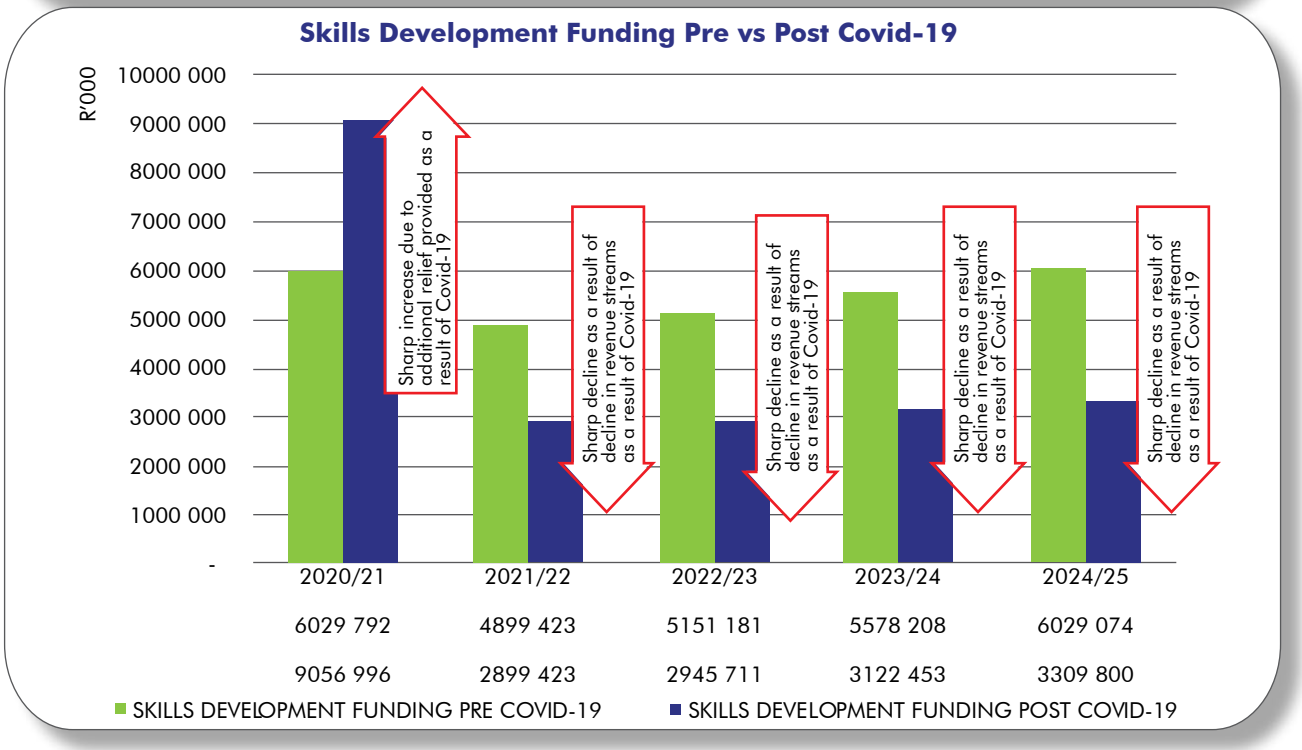


Figure 3: Skills Development Funding Pre vs Post Covid-19 2020-25



OVERVIEW OF THE 2020/21 BUDGET AND MTEF ESTIMATES

The amendments to the budgets presented in the APP 2020/21 is hereby amended and replaced with Table 2 indicating the revised NSF Revenue, Table 3 NSF Expenditure analysis and the NSF Accumulated Surplus Post Covid-19 presented in Table 4.

Table 2: NSF Revenue

R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
REVENUE FROM NON-EXCHANGE TRANSACTIONS – POST COVID 19	**3 204 737**	**3 504 195**	**3 715 261**	**1 941 289**	**3 086 650**	**3 273 012**	**3 469 393**	**3 677 556**
Skills Development Levy – Pre COVID 19	3 199 737	3 496 140	3 715 261	3 882 578	4 116 996	4 393 964	4 613 662	4 844 345
Income from SETAs – Pre COVID 19	5 000	8 055	-	-	-	-	-	-
COVID 19 IMPACT: 4 MONTHS SDL HOLIDAY RESULTING IN DECLINE IN SDL	**-**	**-**	**-**	**(1 294 193)**	**-**	**-**	**-**	**-**
COVID 19 IMPACT: 25% REDUCTION IN SDL DUE TO REDUCED WAGE BILL AS A RESULT OF JOB LOSSES	**-**	**-**	**-**	**(647 096)**	**(1 030 346)**	**(1 120 952)**	**(1 144 269)**	**(1 166 789)**
REVENUE FROM EXCHANGE TRANSACTIONS – POST COVID 19	**551 016**	**503 458**	**589 759**	**29 402**	**22 206**	**20 768**	**19 310**	**17 843**
Finance income from investments at PIC and cash at bank – Pre COVID 19	490 298	445 263	531 564	560 724	591 487	623 942	658 183	694 307
Finance income from advance payments to skills development programmes and projects – Pre COVID 19	60 718	58 195	58 195	58 195	58 195	58 195	58 195	58 195

BUDGET AND MTEF ESTIMATES

R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
COVID 19 IMPACT: SHARP DECLINE IN NSF RESERVES RESULTING IN SHARP DECLINE IN INVESTMENT INCOME	-	-	-	(589 517)	(627 476)	(661 369)	(697 068)	(734 659)
TOTAL REVENUE POST COVID 19	**3 755 753**	**4 007 653**	**4 305 020**	**1 970 691**	**3 108 856**	**3 293 780**	**3 488 702**	**3 695 399**
TOTAL REVENUE PRE COVID 19	**3 755 753**	**4 007 653**	**4 305 020**	**4 501 497**	**4 766 678**	**5 076 101**	**5 330 040**	**5 596 847**
REVENUE REDUCTION DUE TO COVID 19 IMPACT	**-**	**-**	**-**	**(2 530 806)**	**(1 657 822)**	**(1 782 321)**	**(1 841 338)**	**(1 901 448)**
R INCREASE / (DECREASE) POST COVID 19	**(118 081)**	**251 900**	**297 367**	**(2 334 329)**	**1 138 165**	**184 924**	**194 922**	**206 697**
% INCREASE / (DECREASE) POST COVID 19	**-3,00%**	**6,71%**	**7,42%**	**-54,22%**	**57,75%**	**5,95%**	**5,92%**	**5,92%**

BUDGET AND MTEF EXPENDITURE

Table 3: NSF Expenditure

NSF EXPENDITURE								
R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
PROGRAMME 1: QUALITY SKILLS DEVELOPED - POST COVID 19 (SKILLS DEVELOPMENT FUNDING)	**7 026 411**	**2 290 780**	**4 270 583**	**9 056 996**	**2 899 423**	**2 945 711**	**3 122 453**	**3 309 800**
Sub-programme 1.1: Education and Training – Pre Covid 19	2 884 176	2 283 940	2 654 751	3 822 623	3 693 635	4 281 452	4 651 255	5 042 618
Sub-programme 1.2: Improved PSET System – Post Covid 19	4 142 235	6 840	1 615 832	2 207 169	1 205 788	869 729	926 953	986 456
COVID 19 IMPACT: ADDITIONAL RELIEF TO SUPPORT LEARNERS, SMMES AND PSET SYSTEM	**-**	**-**	**-**	**3 027 204**	**-**	**-**	**-**	**-**
COVID 19 IMPACT: DECREASE SKILLS DEVELOPMENT FUNDING DUE TO DECREASE IN REVENUE STREMS NAMELY SDL AND INVESTMENT INCOME	**-**	**-**	**-**	**-**	**(2 000 000)**	**(2 205 470)**	**(2 455 755)**	**(2 719 274)**
PROGRAMME 2: ORGANISATIONAL SUSTAINABILITY (NSF ADMINISTRATIVE EXPENSES)	**120 979**	**154 908**	**279 786**	**267 157**	**295 951**	**310 815**	**326 423**	**342 806**

BUDGET AND MTEF EXPENDITURE

NSF EXPENDITURE								
R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
Employee costs	59 688	70 717	129 847	132 147	161 097	169 244	177 813	186 818
Operating expenses	54 392	79 072	139 874	129 432	128 746	134 930	141 411	148 203
Management fees and bank charges	1 915	1 813	1 919	2 017	2 118	2 220	2 326	2 438
Depreciation and amortisation	4 965	3 271	8 146	8 561	8 990	9 421	9 873	10 347
Loss on disposal of assets	19	35	-	-	-	-	-	-
COVID 19 IMPACT: SAVINGS IN OPERATING EXPENSES MAINLY AS A RESULT OF SAVINGS IN TRAVEL AND SUBSISTENCE	-	-	-	(5 000)	(5 000)	(5 000)	(5 000)	(5 000)
LEVY COLLECTION COSTS TO SARS	**48 353**	**48 578**	**54 000**	**56 754**	**59 592**	**62 452**	**65 450**	**68 591**
TOTAL EXPENSES POST COVID 19	**7 195 743**	**2 494 266**	**4 604 369**	**9 380 907**	**3 254 966**	**3 318 978**	**3 514 326**	**3 721 197**
TOTAL EXPENSES PRE COVID 19	**7 195 743**	**2 494 266**	**4 604 369**	**6 358 703**	**5 259 966**	**5 529 448**	**5 975 081**	**6 445 471**
TOTAL EXPENSE INCREASE / (DECREASE) DUE TO COVID 19 IMPACT	**-**	**-**	**-**	**3 022 204**	**(2 005 000)**	**(2 210 470)**	**(2 460 755)**	**(2 724 274)**
R INCREASE / (DECREASE)	**4 598 576**	**(4 701 477)**	**2 110 103**	**4 776 538**	**(6 125 941)**	**64 012**	**195 349**	**206 871**
% INCREASE / (DECREASE)	**177%**	**-65%**	**85%**	**104%**	**-65%**	**2%**	**6%**	**6%**

Table 4: Accumulated Surplus Post Covid-19

ACCUMULATED SURPLUS POST COVID-19								
R'000	Audited		Revised estimate	Medium-term estimate			Additional 2 years	
	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000
Opening balance	10 258 605	6 818 615	8 332 002	8 032 653	622 687	477 089	452 679	428 133
Surplus / (Deficit)	(3 439 990)	1 513 387	(299 349)	(7 409 966)	(145 598)	(24 410)	(24 546)	(24 417)
Accumulated Surplus And Reserves	**6 818 615**	**8 332 002**	**8 032 653**	**622 687**	**477 089**	**452 679**	**428 133**	**403 716**

KEY RISKS

KEY RISKS

The below table indicates additions to the key risks considering the impact of COVID-19.

Table 5: Key Risks

OUTCOME	KEY RISK	RISK MITIGATION
Quality Skills Developed An Improved PSET system Increased access to PSET system	Delays in finalisation of projects due to Covid-19	• Provision of Personal Protective Equipment at projects sites • Compliance with the Covid-19 regulations • Phased in risk adjusted implementation and assessment of projects approved and funded.
	Undesired consequences due to non-compliance with the Covid-19 regulations.	• The NSF and Skills Development Providers to put measures in place to comply with the Covid-19 regulations to avoid unnecessary delays in implementing the approved projects
	Budget reallocation to cater for Covid-19 eventualities.	• The NSF to reprioritise funding interventions accordingly
	Lack of sufficient budget to fund Covid-19 interventions	• Co-funding as well as mobilisation of financial resources from other public and private sectors.
	Incapacitated workforce due to Covid-19 health complications	• Compliance with the Covid-19 regulations • Working remotely where possible to avoid infections

NOTES

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