



**Leading in Skills  
Development**

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



**higher education  
& training**

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

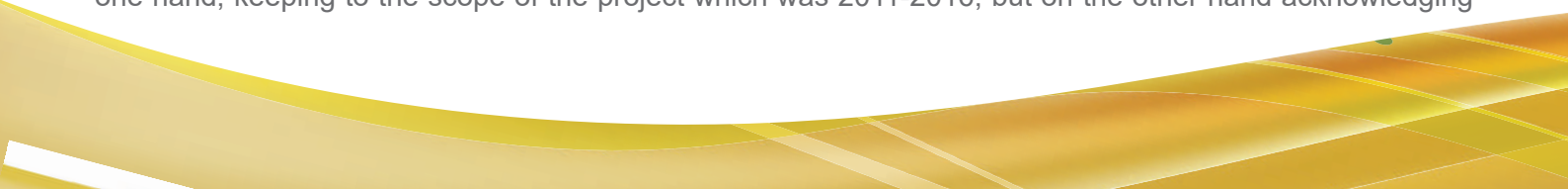


## Foreword

This is an evaluation of NSDSIII implementation for the period 2011-2016. It examines the design of the strategy, explains how it was implemented and experienced by stakeholders and further explores its impact. It then goes on to draw conclusions and recommendations that are intended to assist policy makers and implementers in future iterations of the strategy. The evaluation was carried out between October 2016 and August 2018.

Qualitative and quantitative methodologies were used. The evaluation is informed by extensive desk research, including use of findings from other evaluations and monitoring reports; learner and financial data analysis; stakeholder interviews and focus groups; a survey of employers; tracer studies of learners; and case studies of various aspects of NSDS implementation. There were also regular stakeholder workshops to present data and engage on its meaning.

A participative approach was consistently employed and so much of the report is the result of robust engagement on empirical data findings. In focusing on the period 2011-16, it is not possible to ignore ongoing work of the Department of Higher Education and Training and its entities as well as employers, providers and trade unions. Much has been done since 31 March 2016 and there was a challenge for the evaluation team. On the one hand, keeping to the scope of the project which was 2011-2016, but on the other hand acknowledging





the ongoing work since 2016.

The evaluation for 2016-18 has not been done in detail, therefore there are aspects of the report that might seem out of date. Some of the conclusions may not take account of recent actions and some recommendations may already be in the process of being implemented. Nevertheless, the report is a fair reflection on NSDS implementation and that the findings, conclusions and recommendations can be used to strengthen the strategy and its implementation going forward.

## **Introduction and Background**

The third National Skills Development Strategy (NSDS III) was implemented between April 2011 and March 2016 (extended to 2018, and now to 2020). The aim of NSDS III it's to create skilled and capable workforce that shares the economic benefits of, and contributes to, an inclusive growth path. Importantly, the strategy also intended to advance seven key developmental and transformation imperatives, related to: race, class, gender, geography, age, disability and the HIV/Aids pandemic.

This research was commissioned by the National Skills Authority (NSA) to evaluate:


- Impact of the seven National Skills Development Strategy (NSDS III) developmental and transforma-
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tion imperatives

- Implementation of the eight National Skills Development Strategy goals
- Uptake of the National Skills Development Strategy by stakeholders
- Rate of participation by SETAs, employers, public universities, colleges & private providers

The main research questions were:

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

### ***A conceptual and theoretical framework***

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

### ***Legislative mandate***

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

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

- to encourage workers to participate in learnership and other training programmes;
- to improve the employment prospects of persons previously disadvantaged; and
- to ensure the quality of education and training in and for the workplace.<sup>1</sup>

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

### ***Skills development and the wider PSET system***

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

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'skills development'.

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

Whereas, the role of the education and training system is broad and speaks to individual as well as societal development, skills development's primary role is to support economic and industrial growth. Whilst the purpose of Higher Education (HE), TVET and Community Colleges is wider than serving the needs of the economy, the skills system (including those parts of HE, TVET and Community Colleges that focus on vocational and occupational training) has as its primary focus the economy and economic development.

Figure 1-1 sets out the understanding of skills development within South Africa. The important point to note is that skills development is an attempt to bring about a multi-disciplinary approach to addressing supply and demand for skills. Clearly education and training is an important component, but so too is economics, industry knowledge and strategic and operational management.

*Figure 11: The skills system*

• **Economics**

Research into skills supply and demand; trends analysis; labour market statistical analysis; econometric modelling and forecasting

**Industry expertise**

Value chain identification; production processes; anticipating changes in processes requiring new skills

**Skills development**

**Education and training**

Qualification and curriculum development; programme and intervention design; quality assurance

**Organisation development**

Strategy and planning to match training to skills needs; brokering partnerships to deliver training and work experience; project management and monitoring

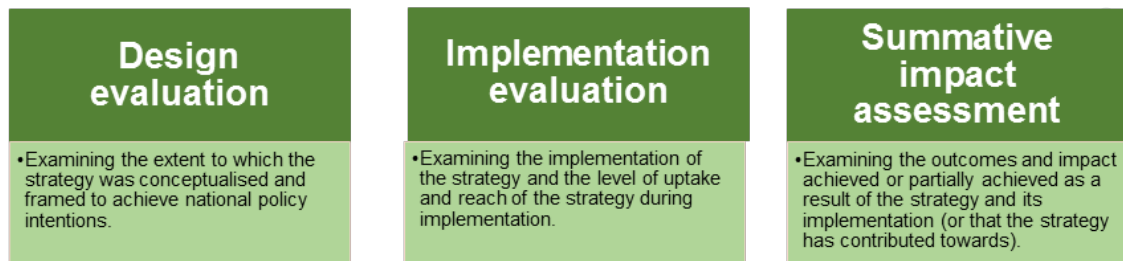


## Methodology

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

There were three main stages in the evaluation process:

*Figure 12: Evaluation approach*






## ***Methods used and rationale***


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

## ***Interviews***

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

Interviews were then commenced for the implementation evaluation. One hundred and five interviews were conducted with CEOs and managers of all the SETAs, and a report has been produced on these. The report






is not an attempt to objectively assess the work of the SETAs, nor is it intended to accept the perspective of the SETAs and give them more weight than other role players. The intention was to recognise the critical role of the SETAs in the implementation of the strategy and to document the understanding that SETAs had of their roles and responsibilities.


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

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



## ***Electronic survey***

The key role-players in skills development are the employers. It was felt that a survey of employers was needed to establish the nature of employer engagement and the views and concerns of employers derived from their experience of implementing programmes resulting from NSDS III. A representative sample was drawn from the employers participating in the skills development system. A disproportionate stratified random sampling technique was applied to select the respondents. This was important to ensure that smaller industry groups were adequately represented so that it was possible to analyse and identify the key survey drivers in each sample group. The strata was governed by the available database information. Although over 300 000 employers appear on the records of SETAs as being 'member organisations' - levy and non-levy paying companies - only 23 000 have claimed grants during the period 2011-2017. Ultimately, an employer sample of 9 000 of the 23 000 employers who participated in skills development were sent the survey and 2 000 responded – just under 9% of employers who claimed grants. The response was analysed for representivity in relation to sectors, provincial spread and size of company and was deemed to be representative. A quarter of the respondents were from small enterprises (under 50 employees), and a quarter were from micro enterprises (under 10 employees). A further test was conducted to check whether the responses for small and micro enterprises differed substantially from those of the survey as a whole and they did not show substantial difference. The survey is therefore an important source of data on implementation and impact.




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


### ***Tracer study of learners***

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

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

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






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

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

Critically, the team analysed the data to understand the extent to which unemployed individuals access and






retain employment (one level of impact) and the extent to which individuals who are employed and those who were already employed are able to apply their skills and achieve mobility (second level of impact).


Ultimately, 1,483 respondents were interviewed as part of this study. These learners had undertaken a total of 1,628 learning programmes. Of the respondents, 93% were African, 59% were female and 54% were African female.

### ***Case studies***

One of the difficulties with a summative evaluation of this nature was to drill down into the details that help explain causal relationships that exist between the changes that have occurred, and outputs and outcomes achieved, and the skills development system and strategy. Case studies were a way to provide nuance and localised contextual data that explains how and why skills development takes place.

More than 30 case studies were researched and developed (and between 90 and 100 interviews conducted as part of the case study research). Some of the case studies are comprehensive research projects into specific research questions (such as to what extent has the artisan programme succeeded in achieving NSDS III outputs and outcomes?) Some are focused desk research papers that provide empirical data on an aspect of NSDS implementation (for example, career development). Others are shorter 'vignettes' that provide an






example of, or insight into, a particular aspect of implementation (for example, an RPL programme or a skills centre that was established between 2011 and 2016). Themes that emerged during the desk research and design phase were explored both in the gathering and analysis of data, the employer survey and tracer studies, interviews and the case studies. As a result, a substantial amount of triangulation has been achieved.

### ***Participative approach***

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



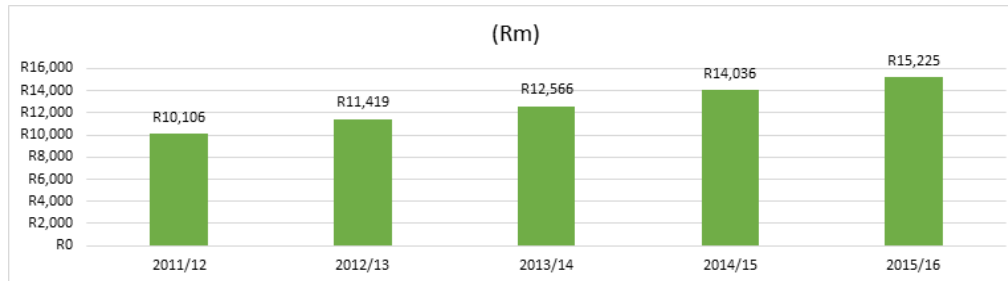



The participative methodology has resulted in a good deal of consensus on much of the analysis, and the differing interpretations and responses to the analysis have helped shape the overall evaluation report.

## Funding of skills development

The skills development levy (SDL) brought in an income of about R63 billion over the period 2011 to 2016. Of the R63 billion received from 2011-2016, over R50 billion went to the SETAs and over R12 billion to the NSF. The levy income consistently attained annual increases above inflation, with an overall increase of 51% from about R10.1 billion in 2011/12 to R15.2 billion in 2015/16.

*Figure 42: Skills development levy income*







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

During the period of NSDS III almost 1.1 million enrolments were funded by the 21 SETAs. In addition, 330 000 learners were funded by the NSF - just over 1.4 million beneficiaries of the skills development system between 2011 and 2016. There were 342 591 learners enrolled in learnerships (of which 189 287 completed); 42 933 took part in internships (12 725 completing); 516 436 enrolled in skills programmes (517 103 completing). Collectively, SETAs funded 61 802 student bursaries.

137 836 enrolled in artisan programmes, (77 913 completing). Only 37% of those enrolled in artisan programmes in 2011 completed their training in three years. 38.9% completed their programmes after four years while 42.2% completed in five years. It is estimated that the amount allocated for artisan training over the five years was about R13 billion. The cost of delayed and non-completion is calculated at R3.6 billion.






Large and medium firms engage much more in skills development funded by SETAs than do small firms. The majority of those accessing funded skills development are young people aged under 35 (76%), with almost half of these being under 25 (32%). Funding has been provided for worker education. By 2014, most public service departments had put learnership and internship policies and programmes in place. Of the total 44 739 recruited into departments in the 2014/15 financial year, 44% were interns, 54% were learners and 2% were apprentices.

## **Impact**

Employers and trade unions agree that skills development has improved productivity, reduced errors in the workplace and improved the quality of product or service delivered. Training has increased the work readiness of young people entering the workplace. This trend does not appear to be a significant impact on employment in small businesses. However, it is recognised that developing viable small enterprises is not an outcome of stand-alone skills development; programmes require a comprehensive set of enablers and needs to be undertaken in partnership with others.

The evaluation found no evidence of interventions designed to support skills development in the informal sector. Individuals who participated in skills development gained confidence to engage in the labour market, obtained jobs with their current employer or elsewhere. There has been effective targeting of resources in line





with transformational imperatives, and in particular in terms of race and gender. There are different views as to whether skills development has contributed to employment equity. Employers believe it has, but statistics show slow progress and trade unions are sceptical.

There is some evidence that more women than men are gaining employment after training, also, that females are accessing higher skilled level positions. This is the case for Africans as well. There has been a reasonably good balance between programmes targeted at the unemployed and programmes targeted at employed workers, though there has also been an increase in spending on bursaries for learners enrolled in public colleges and universities. There has been a reasonable spread of training across the nine provinces, including training in rural areas.


Overall, the SETAs and the NSF have done well in focusing resources towards the youth. A large proportion of learners on learning programmes funded by SETAs and the NSF are under 35. The skills system has not managed to meet its targets on training of people with disabilities.

## **Conclusions: Relevance, Effectiveness, Efficiency and Sustainability**

### ***Relevance***

The overall strategy was relevant to the challenges that it sought to address. Larger and established com-







panies identify their skills needs and priorities and work with SETAs to identify relevant programmes and interventions to address them. Only around 23 000 companies participate in SETA grant processes or participate in discretionary grant funded projects. Most small businesses do not engage and the informal sector is unlikely to even know of SETAs, let alone take advantage of available training.

All SETAs produce quality career guides. However, few people either know about, read, or make use of the guides. It would seem that they are not viewed as relevant. From the perspective of an unemployed young person seeking entry into the labour market the programmes on offer, such as learnerships and skills programmes, are designed to achieve occupationally relevant qualifications and work experience. The programmes that are made available to young people in the form of apprenticeships and learnerships are working for the young people who access them. The challenge is scale. To make occupational programmes available on a mass scale is not achievable within the available resources.

### ***Effectiveness***

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



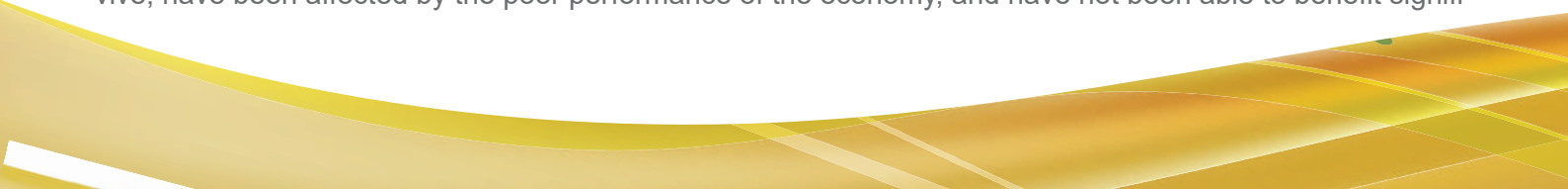



NSDS III was not a strategy for a five-year period. Some outputs and outcomes have been achieved in the five years but many remain a work in progress even in 2018. But there has been consistent progress. The skills development system has changed direction. There is a sense of skills development being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

However, while these are positive findings, more attention needs to be given to implementation levers, restructuring the skills system to be better positioned to take the strategy forward, putting in place coordination structures where more than one branch or department is involved, and improved accountability arrangements. Overall NSDS III has been effective in shifting focus and direction in line with intended policy, but it has not been uniformly effective across all eight goals. Work is needed to improve effectiveness in the next iteration of the strategy. Good progress has been made in some goals, less in others.

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

**Cooperatives and NGOs.** Although some training has been targeted at cooperatives and NGOs, very little evidence has been provided that demonstrates effectiveness. Cooperatives have generally struggled to survive, have been affected by the poor performance of the economy, and have not been able to benefit signifi-






cantly from skills development. In relation to NGOs, the view of the Nedlac community constituency is that civil society generally is weaker today than it has been historically and that little has been achieved in terms of skills development to strengthen NGO capacity.

Informal sector. This is probably the area of least effectiveness during the period 2011-2016. The funds that were made available prior to 2011 were redirected to other national priorities. It is very doubtful that skills development has been effective in the informal sector. The economy. The case studies conducted show the effort that was put into aligning skills development to Strategic Infrastructure Projects (SIPs) and to forge public private partnerships. However, the overwhelming evidence points to very fragile partnerships, with industry and DTI stakeholders actively avoiding doing business through the SETAs.

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

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



## ***Efficiency***

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


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

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

## ***Sustainability***

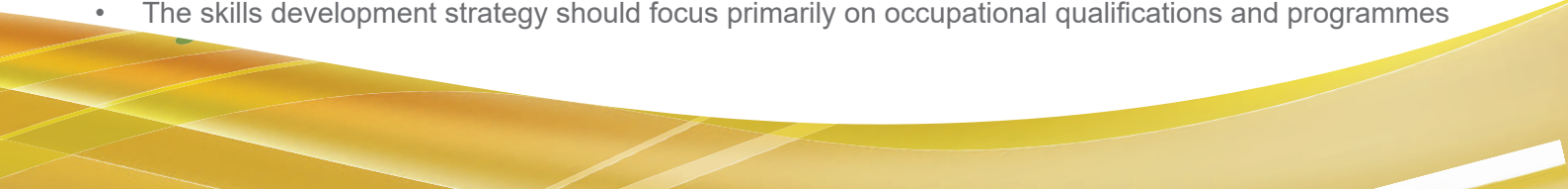
The most obvious success story in terms of effectiveness of NSDS III is around artisan and learnership programmes. The evaluation of NSDS II conducted by the HSRC in 2011/12 concluded that such programmes





are effective, and this study reaffirms that finding. However, the throughput figures indicate an unexpectedly high level of inefficiency in these programmes. Unless improved efficiency can be achieved by improving throughput rates the current expansion of artisan training is not sustainable. The NDP target of 30 000 per year is just not realistic and even the current number of 16 000 a year is unlikely to be sustainable.

### ***Recommendations***

- The strategy should be informed by a demand-led skills development system
  - The involvement of small and micro enterprises should be made a central focus of skills strategy
  - Future strategy should be accompanied by a communications strategy
  - The national skills development strategy should be accompanied by a financial strategy.
  - There need to be an improvement on cash flow management and adequate spending of allocated budgets.
  - Legislation should be reviewed to ensure there is clarity on roles to be played by different stakeholders in the skills development sector
  - The skills development strategy should focus primarily on occupational qualifications and programmes
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**NSA wishes to thank all participants for their inputs.**