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ACRONYMS

ABET – Adult Basic Education and Training
AIDS – Acquired Immunodeficiency Syndrome
BBBEE – Broad-based Black Economic Empowerment
CHE – Council on Higher Education
COGTA – Department of Cooperative Governance and Traditional Affairs
DHET – Department of Higher Education and Training
DPSA – Department of Public Service and Administration
DTI – Department of Trade and Industry
FABCOS – Foundation of African Business and Consumer Services
FET – Further Education and Training
GDP – Gross Domestic Product
HEI – Higher Education Institution
HESA – Higher Education South Africa
HIV – Human Immunodeficiency Virus
HRDSSA – Human Resource Development Strategy for South Africa
ICT – Information and Communication Technology
IPAP – Industrial Policy Action Plan
JIPSA – Joint Initiative on Priority Skills Acquisition
M&E – Monitoring and Evaluation
NAMB – National Artisan Moderating Body
NCV – National Certificate (Vocational)
NSA – National Skills Authority
NSDS – National Skills Development Strategy
NGO – Non-governmental Organisation
NQF – National Qualifications Framework
NSF – National Skills Fund
PIVOTAL – Professional, Vocational, Technical and Academic Learning
QCTO – Quality Council for Trades and Occupations
SEDA – Small Enterprise Development Agency
SETA – Sector Education and Training Authority
SLA – Service Level Agreement
SMME – Small, Medium and Micro-sized Enterprises
SSP – Sector Skills Plan

MINISTER'S FOREWORD

The third National Skills Development Strategy (NSDS III) follows the integration of higher and further education and skills development into a single Department of Higher Education and Training. Partnerships between employers, public education institutions (FET colleges, universities, universities of technology), private training providers and SETAs will be promoted so that the integration of education and training becomes a reality experienced by all South Africans. Priority will be given to strengthening the relationship between public colleges and universities and the SETAs, as well as with employers.

NSDS III must ensure increased access to training and skills development opportunities and achieve the fundamental transformation of inequities linked to class, race, gender, age and disability in our society. We must also address the challenges - of skills shortages and mismatches - we face as a country and improve productivity in the economy.

On 1 April 2011, the Sector Education and Training Authorities (SETAs) will enter a new phase. During this new phase we will make some fundamental changes to the leadership, governance and strategy of the SETAs in order to meet the objectives of NSDS III and improve their functioning and performance. We also intend to set up a comprehensive performance monitoring, evaluation and support system for all our education, training and skills development institutions, with a particular focus on the SETAs and public FET colleges.

The real value added by SETAs is their understanding of labour market issues in their respective industrial and economic sectors. SETAs must ensure that they are backed by employers and workers, are acknowledged as a credible and authoritative voice on skills, create interventions and shape solutions that address skills needs within their sectors. SETAs must become recognised experts in relation to skills demand within their sector. Their role in helping monitor quality on the supply side remains, but will reduce as other institutions, such as the QCTO, are established.

This strategy intends to achieve significant increases in qualifications and skills to support priorities and initiatives such as the New Growth Path, the Industrial Policy Action Plan, the Human Resource Development Strategy and, in particular, sector development plans.

Central to the objectives of the NSDS III is improved placement of both students and graduates, especially from the FET colleges and universities of technology. In addition, NSDS will place particular emphasis on skills development to support government's goals for rural development.

Significant work was done during the period of NSDS I and NSDS II. Many important building blocks were put in place. However, the economy remains constrained by a severe lack of skills, and so the skills development system as a whole has not yet achieved what was expected. This strategy therefore draws on lessons learned from NSDS I and II, and is aimed at ensuring improved access to quality learning programmes, increased relevance of skills development interventions and building strong partnerships between stakeholders and social partners.

For our country to achieve high levels of economic growth and address our social challenges of poverty and inequality, we must work together to invest in education and training and skills development to achieve our vision of a skilled and capable workforce to support an inclusive growth path.

I am confident that NSDS III provides a unique opportunity for our country to achieve some of its goals towards an integrated education and training system, and that, working together, we can indeed achieve the skills revolution that our country so urgently requires.

NATIONAL SKILLS DEVELOPMENT STRATEGY III

1. VISION

A skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path.

2. MISSION

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

3. PURPOSE OF NSDS III

The key driving force of this strategy is improving the effectiveness and efficiency of the skills development system. This strategy represents an explicit commitment to encouraging the linking of skills development to career paths, career development and promoting sustainable employment and in-work progression.

NSDS III seeks to encourage and actively support the integration of workplace training with theoretical learning, and to facilitate the journey individuals make from school, college or university, or even from periods of unemployment, to sustained employment and in-work progression.

Emphasis is placed on training to enable trainees to enter the formal workforce or create a livelihood for themselves. The emphasis is particularly on those who do not have relevant technical skills or adequate reading, writing and numeracy skills to enable them to access employment.

Promotion of basic numeracy and literacy is a project led by the Department of Basic Education; DHET is primarily concerned with post-basic literacy and numeracy. Nevertheless, the two departments will need to cooperate closely on this front, but without confusing or conflating the leadership roles of these departments in their respective areas.

NSDS III will seek to promote a skills development system and architecture that effectively responds to the needs of the labour market and social equity. The strategy seeks to establish and promote closer links between employers and training institutions and between both of these and the SETAs.

The National Skills Development Strategy III responds to the following pressing challenges that are impacting on the ability of our economy to expand and provide increased employment opportunities:

- The inadequate skills levels and poor work readiness of many young people leaving formal secondary and tertiary education and entering the labour market for the first time. This is compounded by inadequate linkages between institutional and workplace learning, thus reducing the employability and work readiness of the successful graduates from FET and HET institutions, not to mention the many who enter the world of work without a formal qualification.
- The desperate plight of so many of the longer term unemployed who lack basic numeracy and literacy, do not possess entry-level skills, and do not have the work experience and work-based training needed to enable them to seek and obtain work.
- Continuing skills shortages in the artisanal, technical and professional fields that are fundamental to the development and growth of our economy.
- An over-emphasis on NQF level 1-3 learnerships, with insufficient progression towards more appropriate (intermediate and higher) skills required for growth sectors in a knowledge economy. There is a need for much more substantial programmes that improve qualifications, support career-pathing, enable greater flexibility and mobility and increase productivity.
- The failure of businesses in many sectors of the economy to equip their workforce to adapt to change as the economy becomes more knowledge-based. When structural change occurs, too often the outcome is retrenchments rather than retraining and redeployment of working people.
- Systemic blockages such as: a lack of synergy between the various post-school sub-systems (e.g. universities, FET colleges, SETAs); a lack of clarity in relation to the role expected of the various parts of the skills development system; inefficiency and waste; and the silo mentality which prevents the partnerships and alignments needed to improve effectiveness.
- The absence of coherent strategies within economic and industrial sectors, compounded by the lack of systematic skills development to support and sustain growth and development.

- The urban bias of our economic development and therefore the urban bias in our skills development initiatives, resulting in skills for rural development being neglected.

The intention of NSDS III is to make sure that the energy and resources of education and training stakeholders are focused on ensuring that these challenges are addressed, and that measurable impact is achieved over the coming five year period.

The NSDS III will be guided by, and measured against, the following seven (7) key developmental and transformation imperatives:

Race – Despite the many advances made by the democratic government since 1994 on the education and training front, the racial inequalities in our economy, including the racialised nature of our skills profile, have not changed in any significant way. Therefore, NSDS III will have to prioritise confronting these racial inequalities, with a particular focus on giving more opportunities to previously (and currently) disadvantaged South Africans. This requires focused attention on skills provision for blacks in general and Africans in particular.

Class – Directly related to racial inequalities, South Africa still remains one of the most unequal societies in the world today. These social inequalities are also being reinforced by a lack of access to skills by the overwhelming majority of our population, especially the workers and the poor. NSDS III will therefore pay particular attention to provision of skills in a manner that significantly reduces these yawning social inequalities in our economy and society.

Gender – Ours is still a society that reflects huge disparities between men and women, including access to skills for effective participation in the labour market and society. This calls for particular attention to be paid to access to skills by women, especially black women, so that they can effectively participate in society as required by our constitution. In addition, all our skills development initiatives must contain within them specific programmes and strategies to promote gender equality in skills development, in employment and career development and in our economy as a whole.

Geography – Given the urban bias of our economic development, our country has not paid adequate attention to rural economic development and provision of skills for rural development. Given the fact that government has now prioritised rural development, our skills development system must increase its focus and attention on the production of skills for rural development. However, we must make a distinction between training of rural people and skills for rural development. The former has

tended to train rural people only in order to migrate to the urban areas, whilst the latter will aim to train rural people for development of the rural areas themselves.

Age – Whilst all South Africans, youth and adults, must be given access to skills development, our young people are the most disadvantaged when it comes to access to education and training. For instance, the single largest category of the unemployed are those aged under 35. Therefore, NSDS III must pay particular attention to the training of our youth for employment.

Disability – Despite commitments from NSDS I and II to increase opportunities for training and skills development for persons with disabilities, we are still far from achieving our goals in this regard. Therefore, NSDS III aims to significantly open up opportunities for skills training for people experiencing barriers to employment caused by various forms of physical and intellectual disability.

The HIV and AIDS pandemic – Given the threat of the HIV and AIDS pandemic for the future growth and development of our country, and its particular impact on the youth, all our skills development initiatives must incorporate the fight against this pandemic and management of HIV and AIDS in the workplace. We need to ensure that we do not train our youth and adults for the grave but for the workplace and effective participation in society.

The DHET's performance monitoring and evaluation of the role of all our institutions in the skills development system will be guided by these key transformational priorities, and we will require all these institutions to measure their progress also by the extent to which they make significant progress in dealing with these.

In addition to the above, the DHET will seek to develop mechanisms to fight all forms of corruption in our education and training system, including in the skills development system.

3.1 What is NSDS III?

The NSDS is the overarching strategic guide for skills development and provides direction to sector skills planning and implementation in the SETAs. It provides a framework for the skills development levy resource utilisation of these institutions as well the NSF, and sets out the linkages with, and responsibilities of, other education and training stakeholders.

NSDS III has the following pillars:

- Sector strategies (aligned to government and industry development strategies), programmes and projects developed with, and supported by, sector stakeholders. The DHET will play a leading role in forging a closer working relationship and collective identification of skills

development priorities, amongst all the key institutional players in our education and training system.

- Relevant sector-based programmes addressing the needs of unemployed people and first-time entrants to the labour market will be developed and piloted by SETAs, with roll out being planned, managed and funded, where appropriate, in partnership with the NSF. SETA funds will primarily be used to fund the skills development needs of employers and workers in their sector. However, the utilisation of SETA discretionary funds must be guided by the goals of NSDS III.
- Professional, vocational, technical and academic (PIVOTAL) programmes. These are programmes which provide a full occupationally-directed qualification. Such courses will normally begin in a college or university and would include supervised practical learning in a workplace as part of their requirement. The courses – especially for workers – could in some cases start in the workplace and then move to a college or university. The courses would culminate in an occupational qualification. PIVOTAL courses will normally be offered by arrangement between a SETA, an educational institution, an employer and a learner. Fundamental to the successful implementation of PIVOTAL programmes will be a model of cooperation between a SETA, a higher or further education and training institution and an employer. This will help ensure responsive curricula and courses.
- Programmes that contribute towards the revitalisation of vocational education and training, including the competence of lecturers and trainers to provide work-relevant education and training, and promote occupationally directed research and innovation.
- Incentives for training and skills development capacity in the cooperative, NGO and trade union sectors, including community and worker education initiatives, contributing to effective training of youth and adults.
- Partnerships between public and private training providers, between providers and SETAs and between SETAs, addressing cross-sectoral and inter-sectoral needs.
- An increased focus on skills for rural development to support government's prioritisation of rural development.

The strategy is informed and guided by other overarching government programmes, especially the Human Resource Development Strategy for South Africa, the requirements of the New Growth Path, the Industrial Policy Action Plan, the outcomes of the Medium-Term Strategic Framework, the rural development strategy as well as the new environment strategy, amongst other priorities of government. It seeks a closer synergy between the world of work and our formal education system.

3.2 NSDS III and the Human Resource Development Strategy for South Africa

NSDS III is a subcomponent of the Human Resource Development Strategy, and will operate concurrently with the first five-year term of the country's second Human Resource Development Strategy for South Africa (HRDSSA II). The HRDSSA II has eight commitments, listed below.

3.2.1 HRDSSA II commitments

The following commitments have been made by the HRDSSA II and will need to be reflected in SETA and NSF plans:

COMMITMENT ONE: 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 TWO: We will increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities.

COMMITMENT THREE: 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 (3) the pursuit of post-school vocational education and training for employment.

COMMITMENT FOUR: We will urgently implement skills development programmes that are purposefully aimed at equipping recipients/citizens with requisite skills to overcome related scourges of poverty and unemployment.

COMMITMENT FIVE: 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 SIX: 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 SEVEN: We will ensure that the public sector has the capability to meet the strategic priorities of the South African developmental state.

COMMITMENT EIGHT: We will establish effective and efficient planning capabilities in the relevant departments and entities for the successful implementation of the HRDSSA II¹.

4. GOALS OF NSDS III

¹ Extract from the Human Resource Development Strategy for South Africa.

The strategy places great emphasis on relevance, quality and sustainability of skills training programmes to ensure that they impact positively on poverty reduction and inequality. It focuses on the following goals, each of which have attached to them outcomes and outputs that will be the basis for monitoring and evaluation of NSDS implementation and impact:

4.1 Establishing a credible institutional mechanism for skills planning

There is currently no institutional mechanism that provides credible information and analysis with regard to the supply and demand for skills. While there are a number of disparate information databases and research initiatives, there is no standardised framework for determining skills supply, shortages and vacancies, and there is no integrated information system for skills supply and demand across government.

SETAs play an important role in gathering statistics and other relevant information on labour market skills needs and training provision. Their close contact with industry places them in a good position to document and communicate recent and emerging trends, as well as to develop solid baseline indicators. Such information is essential in planning to meet the country's skills needs and guiding investment in education and training provision.

Like all other countries, South Africa must seek to supplement its particular skills needs from elsewhere. While priority will be given to meeting our skills needs among our own population, there will be a need to import skills – particularly scarce skills needed for economic growth – from other parts of the world. Thus, the information gathered by the DHET, particularly from sector skills plans but also from independently commissioned labour market research, will be used to advise the Human Resource Development Council, the Department of Home Affairs and other interested agencies on the country's skills priorities and the areas of particular shortage on an ongoing basis. Close communication with employers – and especially large private and public employers – will be particularly important in this respect.

NSDS Outcome 4.1.1: National need in relation to skills development is researched, documented and communicated to enable effective planning across all economic sectors

Output 4.1.1.1: Capacity is established within the Department of Higher Education and Training to coordinate research and skills planning.

Output 4.1.1.2: Sector skills plans are professionally researched, provide a sound analysis of the sector and articulate an agreed sector strategy to address skills needs.

Output 4.1.1.3: Sector and nationally commissioned research and data is analysed, validated and captured in an integrated database that is accessible to stakeholders.

4.2 Increasing access to occupationally-directed programmes

Intermediate level

South Africa's pool of intermediate skills, especially artisanal skills, is too low to support national and sector development and growth. The workforce is not keeping up with the skills needed to remain competitive in an increasingly knowledge-based economy.

There is a need to ensure the continuous upgrade of skills in the workforce, to help ensure a measurable increase in the intermediate skills pool, especially in artisan, technician and related occupations, attributable to increased capacity at education and training institutions and increased workplace experiential learning opportunities. SETAs should play a prominent role in contributing towards these goals, especially through their discretionary funds.

The strategy seeks to encourage and support large corporate employers and state-owned enterprises to cooperate with the relevant education and training institutions by providing needed training equipment and experienced staff to address specific needs. Government is committed to a comprehensive curriculum review in colleges and universities of technology. Urgent measures will be instituted to enhance this cooperation and provide necessary equipment.

Workplace learning should be an integral part of all vocational programmes. Establishing effective partnerships between education and training systems and employers to provide for workplace training would ensure that skills have real labour market relevance and that young people gain an early appreciation of and exposure to the world of work.

A particular focus of NSDS III is on artisans. To facilitate the realisation of the above objectives with regard to the development of artisans, the DHET has established the National Artisan Moderating Body (NAMB) whose main statutory functions will include the following:

- Setting standards for quality artisan training
- Monitoring the performance of and moderating accredited artisan trade test centres
- Developing, maintaining and applying a national databank of instruments for assessment and moderation of artisan trade tests
- Developing and maintaining a national database of registered artisan trade assessors and moderators
- Recommending certification of artisans to the QCTO.

The above functions of NAMB, working together with the QCTO, will go a long way to ensuring that artisan training is of a high quality and standard, and that all artisan training is subjected to a single national regime of quality assurance.

Higher level professional qualifications

Whereas the enrolment and participation rate in our university sector is higher than that of the vocational education and training sector, it is still not producing enough appropriately skilled and qualified people in disciplines central to social and economic development.

Access is a challenge. On the one hand, access relates to the availability of places in relevant programmes; on the other hand, it relates to the constraints (social, academic, geographical and financial) facing the majority of disadvantaged university applicants.

The stakeholders will need to address the challenge of the low number of National Senior Certificate holders/high school graduates and those qualifying with a National Certificate (Vocational) at NQF level 4 who attain the required levels of competence in the identified priority areas. Attention will need to be given to post-school education opportunities including bridging programmes and other options.

Our skills levy resources, especially the National Skills Fund, must strategically and programmatically support the production of priority skills in high-level occupationally directed programmes in the entire skills development pipeline, from universities and colleges to the workplace. In addition, the university sector must also find a way of systemically engaging in the identification of national development and economic needs, including engaging in other government processes such as IPAP2, the National HRD Strategy and the National Skills Development Strategy.

It is important to recognise the changing nature of work in what is becoming a global knowledge economy, within which South African enterprises are operating. The extent to which employers and workers benefit from the knowledge economy will be determined by our capacity to conduct innovative research and apply new knowledge in the workplace. This requires the development of research capacity, particularly research related to building new knowledge linked to sector and national industrial plans. DHET, in collaboration with HEIs and SETAs, will be encouraging increased capacity to conduct research, as well as the establishment of sector-relevant research projects.

PIVOTAL grant

Many of the professional areas of study combine course work at universities, universities of

technology and FET institutions with structured learning at work. This is achieved by means of professional placements, work-integrated learning, apprenticeships, learnerships, internships, skills programmes, and work experience placements. To address the critical needs for economic growth and social development, there must be improved access to, and success at, post-school learning sites alongside structured bridges to the world of work and quality learning in the world of work.

To give greater effect to these programmes and ensure greater employer participation, a PIVOTAL grant has also been incorporated into NSDS III. Ten percent of the mandatory grant will be dedicated to this initiative. Employers who provide workplace-based opportunities can supplement the cost of the programme with the grant from the SETAs. The SETAs, in turn, are expected to ensure that 10% of the mandatory grants is ring-fenced to fund workplace-based training opportunities.

NSDS Outcome 4.2.1: *Middle level skills needs are identified and addressed in all sectors*

Output 4.2.1.1: SETAs research and identify middle level skills needs in their sectors and put in place strategies to address them, particularly through the use of the public FET colleges and universities of technology working in partnership with employers providing workplace-based training.

Output 4.2.1.2: Projects are established to address middle level skills in each sector.

NSDS Outcome 4.2.2: *10,000 artisans per year qualify with relevant skills and find employment*

Output 4.2.2.1: SETAs establish projects and partnerships to enable the relevant number of artisans for their sector to be trained, to qualify and become work ready.

Output 4.2.2.2: The national Artisan Development Project developed by JIPSA and now located in the DHET and M&E framework, is planned, managed and reported on, with interventions made where blockages occur.

NSDS Outcome 4.2.3: *High level national scarce skills needs are being addressed by work ready graduates from higher education institutions*

Output 4.2.3.1: Sector skills plans identify the supply challenges in relation to high level scarce skills gaps and set out strategies for addressing them.

Output 4.2.3.2: Agreements are entered into between SETAs, university faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes, increased work experience and experiential learning for students and access to post-graduate work.

NSDS Outcome 4.2.4: *Relevant research and development and innovation capacity is developed and innovative research projects established*

Output 4.2.4.1: Sector skills plans identify the focal areas for research, innovation and development.

Output 4.2.4.2: Agreements are entered into between SETAs, university faculties and other stakeholders on flagship research projects linked to sector development in a knowledge economy.

Output 4.2.4.3: Programmes are put in place that focus on the skills needed to produce research that will be relevant and have an impact on the achievement of economic and skills development goals.

4.3 Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities

The public FET college system is central to the government's programme of skilling and re-skilling the youth and adults. Its transformation is key to the integration of education and training and responding to the skills needs in our country. In recent years, FET colleges have been striving to make the transition from their former status as technical colleges to being responsive and vibrant post-school institutions for vocational education. Within a relatively short space of time, public colleges were merged from an inequitable assortment of 152 small individual colleges to 50 mega-institutions, which are multi-site and diverse. Since then, the college sector has seen a large investment by the state through the recapitalisation process which started in 2007. However, many challenges remain in expanding and improving capacity at FET colleges.

Another challenge is that there is limited research available that provides a nuanced picture into the colleges' systems and their strengths and weaknesses. Such research will be commissioned by the DHET. In addition, academics and research organisations are urged to identify their own research questions and conduct relevant research on the colleges and the skills training system in general. It is crucial that colleges offer a comprehensive suite of programmes and measures to make learning environments more attractive, to increase attendance, to improve (post-basic) literacy and numeracy and to increase throughput rates. Success in this will have the biggest long-term positive impact on young people's future prospects.

The strategy will purposefully support these institutions and assist in building their capacity to ensure they take centre stage in skills development. The public further education and training institutions as well as universities and universities of technology should have the capacity to deliver skills for the new economy. In addition, NSDS III encourages a closer coordination and synergy

between the public FET colleges and the SETAs which must help strengthen these colleges and prioritise them when it comes to training provision.

FET colleges have an important task in equipping their lecturers to meet industry needs. In the past, many college lecturers were qualified in the trades and occupations they were teaching but did not have appropriate teaching qualifications. Much has been done to address this in recent years. Now, however, the problem is that although having education qualifications, many lecturers lack occupational qualifications, relevant occupational work experience and industry contacts. Such a situation creates serious difficulties for FET colleges' efforts to align programmes to industry needs.

The new vocational programmes in colleges mark a significant move in vocational education towards high-level conceptual knowledge linked to practical application. These programmes have implications for college lecturers in terms of teaching, learning and assessment regimes. This makes it essential to nurture and develop professionals who can meet the challenge of the NCV and N-courses with the right combination of subject knowledge, pedagogy, workplace knowledge and experience. Thus, a critical component of this skills strategy will be that of also focusing on the upgrading of college lecturers to improve their pedagogical, vocational and technical skills and ensure that they are exposed to the latest developments and technology both in the colleges and in industry. DHET will work with HESA and the CHE to develop a strategy for improving academic staff qualifications and teaching competence across all universities, universities of technology and colleges.

NSDS Outcome 4.3.1: The National Certificate (Vocational) and N-courses are recognised by employers as important base qualifications through which young people are obtaining additional vocational skills and work experience, entering the labour market with marketable skills, and obtaining employment

Output 4.3.1.1: The NCV is reviewed with inputs from stakeholders and the curriculum is revised to ensure that it provides a sound foundational basis for building labour market relevant skills.

Output 4.3.1.2: The programmes offered to meet industry needs, including those supporting apprenticeships and N-courses, are reviewed, updated and made available to and accessed by employers.

Output 4.3.1.3: A highly articulated system of qualifications between the FET and universities programmes

NSDS Outcome 4.3.2: *Partnerships between DHET, SETAs, employers, private providers and public FET colleges are resulting in increased capacity to meet industry needs throughout the country*

Output 4.3.2.1: The capacity of FET colleges to provide quality vocational training is reviewed. Each college has a strategic plan in place to build capacity and engage in skills development programmes, including programmes offered in partnership with employers.

Output 4.3.2.2: SETAs identify FET colleges with relevant programmes and put in place partnerships to offer vocational courses and work experience for college learners.

NSDS Outcome 4.3.3: *The academic staff at colleges are able to offer relevant education and training of the required quality*

Output 4.3.3.1: The capacity of college educators to deliver programmes is reviewed. Skills development programmes, including work placement opportunities, are devised to meet the needs of the college educators.

4.4 Addressing the low level of youth and adult language and numeracy skills to enable additional training

Language, literacy and numeracy skills are fundamental to improved economic and social participation, productivity and social inclusion. A high proportion of young people who exit school before completing a senior secondary qualification stand little chance of participating productively in the economy. To illustrate the severity of the problem, there are approximately 3 million youths, aged between 18 and 24 years, who are not in employment, education or training, have a poor educational foundation and are poorly prepared to undertake further learning. If the age group is expanded to take into account the 16 to 18 year-olds who have dropped out of school and are not in training or employment as well as the 25 to 35 year-olds who have remained unemployed since leaving full time education, the number is much higher.

These social strata of our society require a new landscape for post-school education and training which in turn informs the National Skills Development Strategy III. The country cannot afford to overlook this challenge and urgent and focused attention is needed to address this problem. DHET will establish institutional frameworks and programmes that will raise the education base of these young people to enable them to take on further learning and/or employment.

NSDS Outcome 4.4.1: *A national strategy is in place to provide all young people leaving school with an opportunity to engage in training or work experience, and improve their employability*

Output 4.4.1.1: A DHET-led process, including stakeholders, develops a strategy supported by all stakeholders.

Output 4.4.1.2: A national database tracks training and work opportunities, and reports on implementation of the strategy.

Output 4.4.1.3: The DHET partners with stakeholders in the youth sector to put in place training and work experience projects for young people.

4.5 Encouraging better use of workplace-based skills development

South Africa is challenged by low productivity in the workplace, as well as slow transformation of the labour market and a lack of mobility of the workforce, largely as a result of inadequate training for those already in the labour market.

The New Growth Path adopted by government calls for increased workplace training of workers already in employment in order to improve productivity and the overall growth and development of our economy.

To address this challenge, the NSDS III, through both the mandatory and discretionary grants of the SETAs, must support training of employed workers, and encourage employers to expand such training, in order to improve the overall productivity of the economy and address skills imbalances in our workforce in particular and the labour market in general. Accordingly, emphasis will be placed on the use of the levy-grant system with investment into our overall skills agenda.

NSDS Outcome 4.5.1: Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to change in the labour market

Output 4.5.1.1: SETA stakeholders agree on the provision of substantial quality programmes for employed workers and report on the impact of the training.

Output 4.5.1.2: Sector projects are put in place to address specific sector skills gaps.

Output 4.5.1.3: Cross-sectoral projects are established to address skills needs along local supply chains aimed at supporting local economic development.

4.6 Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives

Skills development is not just about training people for employment; it must also empower people to create opportunities to make a living for themselves. Low levels of education and training, as well as the lack of standardised, appropriate and accredited training, are key constraints to enabling people to create their own opportunities. They are also constraints to up-scaling the contribution of cooperatives, which have historically played and continue to play an important role in providing sustainable livelihoods to the majority of South Africans. These cooperatives range from stokvels and burial societies to financial, trade and production cooperatives. The annual turnover of these cooperatives is estimated to run into billions of rands. Properly supported with adequate skills, these cooperatives can play an important role, not just in the margins, but in the very mainstream of the South African economy.

The NSDS III must support the training needs of the cooperatives, including relevant capacity building for the secondary, apex and cooperative movements as a whole. The Department of Higher Education and Training will work closely with the Departments of Trade and Industry, Economic Development, Land Reform and Rural Development, and other relevant departments to support the training needs of cooperatives, and DHET will support the DTI in the establishment of a Cooperative Training Academy to deliver customised skills development programmes to cooperatives.

SETAs must also work with cooperatives operating in their sectors in order to maximise the economic role of these bodies. Similarly, the National Skills Fund will set aside dedicated funds to support education, training and skills development for properly registered cooperatives, with a particular focus on cooperatives for the unemployed, youth, women and people with disabilities.

In order to build an inclusive economy, financial and non-financial business support to small and micro-sized enterprises has been part of the democratic government's programme. In order to ensure the sustainability of small enterprises, a key government agency, SEDA (Small Enterprise Development Agency), has prioritised the training of business support officers through the SEDA training academy. The FABCOS (Foundation of African Business and Consumer Services) Academy also seeks to train black business owners and franchisees. The Department of Higher Education and Training, in partnership with the DTI, will seek to develop and strengthen such dedicated skills development support programmes, in conjunction with relevant SETAs.

Trade unions, their education programmes, as well as other worker-initiated training programmes and NGOs 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.

The NSDS III will support NGO, community and worker-initiated skills development and training programmes. The NSF will similarly aim to support credible and quality worker skills development, education and training programmes.

NSDS Outcome 4.6.1: Cooperatives supported with skills training and development expand and contribute to sector economic and employment growth

Output 4.6.1.1: SETAs identify in their skills planning research, established and emergent cooperatives and their skills needs.

Output 4.6.1.2: Sector projects are established by sector stakeholders, supported by the NSF.

Output 4.6.1.3: A national database of cooperatives supported with skills development is established and the impact of training reported on.

NSDS Outcome 4.6.2: Partnership projects to provide training and development support to small businesses are established in all sectors and their impact reported on

Output 4.6.2.1: SETAs, through their skills planning research, identify the skills needs of small and emerging businesses in their sector, and promote relevant programmes.

Output 4.6.2.2: Sector projects are developed that are piloted by SETAs and expanded through partnership funding.

Output 4.6.2.3: A national database of small businesses supported with skills development is established and the impact of training reported on.

NSDS Outcome 4.6.3: Worker, NGO and community-based education programmes are supported and their impact measured and reported on

Output 4.6.3.1: SETAs engage with trade unions, NGOs and community-based organisations in their sector and identify skills needs and strategies to address needs.

Output 4.6.3.2: SETAs establish quality pilot projects.

Output 4.6.3.3: Stakeholders expand successful projects with support from the NSF.

4.7 Increasing public sector capacity for improved service delivery and supporting the building of a developmental state

There have been significant advances in the transformation of the public service since 1994, particularly in relation to employment equity and redirection of services to meet the needs of the majority of South Africans. However, service delivery is often far from the quality that is needed. There are many views on why this is the case, but on one causal factor there is unanimous agreement - the capacity of the public sector lags far behind what is expected of it, and in many areas critical to the nation's needs, there are serious skills gaps. To achieve the goals of a developmental state requires a public service that is skilled and capable to deliver quality service efficiently.

Many efforts have been made to increase the skills levels of public service managers, officials and workers. Virtually all government departments participate in the relevant sectoral education and training bodies (SETAs). However, they do not pay a levy to their SETAs, but contribute towards the 10% administration budget of the relevant SETAs. As the largest employer in the country, government needs to contribute to the skills development resources and ensure their skills needs are catered for in the SETA skills plans. Planning and implementation arrangements for skills development levy payment by government as well as capacity building for the public service will be reviewed by DHET in cooperation with relevant departments including DPSA, National Treasury and COGTA.

Historically and internationally, the public sector has played a significant role in education and training. For example, many state entities offered large numbers of apprenticeships. In many countries, municipalities also offer apprenticeships on a large scale. Similar observations can be made for the provision of ABET and for the development of high level skills such as planning, environmental management and engineering. However, in recent times in South Africa, the role of the state in driving skills development in these and other important areas has been both below what is needed and inconsistent. It is important that government plays a key role in building skills for national development.

The challenge of public sector capacity is taking on renewed importance due to the affirmation by government of the need for a developmental state, capable of intervening in the economy for the purpose of building an inclusive growth path. IPAP2 and the New Growth Path are ambitious plans that will require particular skills to be developed within government. Similarly, achieving the priorities of government with regard to health, education and reducing crime, will require a skilled and capable public service.

It is therefore important that SETA plans are based not only on the needs of the sectors where they have responsibility, but also on the needs of the government departments and entities that are engaged in sector economic and industrial planning.

NSDS Outcome 4.7.1: A thorough analysis and reflection is conducted on provision of education and training within the public sector and the contribution of the various role players

Output 4.7.1.1: SETAs with responsibility for public sector training conduct analysis and reflection on achievements and challenges.

Output 4.7.1.2: DHET leads a discussion on factors impacting on provision and publishes proposals on improving the institutional framework for public sector education and training.

NSDS Outcome 4.7.2: Education and training plans for the public sector are revised and programmes are implemented to build capacity

Output 4.7.2.1: Sector skills plans set out the capacity needs of relevant departments and entities.

Output 4.7.2.2: Plans and funding arrangements are agreed between the relevant departments/entities and the SETAs, and are reported on.

4.8 Building career and vocational guidance

There has not been much emphasis, particularly at a school level, on career and vocational guidance for our youth. The result is that young people in particular may opt for a programme because it is marketed or there is financial aid. There is a lack of guidance to direct young people to programmes for which they have an aptitude, and which will provide training in areas needed in the economy.

Our entire skills development system must dedicate the necessary resources to support career and vocational guidance, as this has proved to be a critical component in successful skills development initiatives world-wide. Both the SETAs and the NSF respectively must seek to build career guidance initiatives in their sectors and generally as a key component of the NSDS III.

NSDS Outcome 4.8.1: *Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression*

Output 4.8.1.1: Career guides are developed with labour market information from SETAs, addressing sub-sectors within their sector.

Output 4.8.1.2: Sector stakeholders are engaged and programmes are adjusted to meet the skills and qualification needs to promote comprehensive career development.

5. THE SKILLS-LEVY INSTITUTIONS

The above-mentioned goals cannot be achieved without cooperation and coordination from all key stakeholders, including government, the SETAs, employers and others. DHET, the SETAs and the NSF are the key drivers of the NSDS III. Their main responsibilities are outlined below. Further details on what each needs to do to achieve the goals of the NSDS will be presented in the implementation plan.

5.1 SETAs

SETAs are expected to facilitate the delivery of sector-specific skills interventions that help achieve the goals of the NSDS III, address employer demand and deliver results. The core responsibility of SETAs is to develop sector skills plans (SSPs). SETAs should be the authority on labour market intelligence and ensure that skills needs and strategies to address these needs are set out clearly in sector skills plans. SETAs must be able to coordinate the skills needs of the employers - levy-paying and non-levy paying - in their respective sectors, undertake sector-based initiatives and collaborate on cross-sector skills areas to enable collective impact.

Developing sector skills plans is core to the SETAs' mandate. The SSPs must outline current and future learning and qualifications needs of workers and their employers and develop interventions that are agreed with stakeholders and can improve the match between education and training supply and demand - the current and projected needs of the sector and sector employers. The SSPs are also a critical instrument for building a connected labour market information system across all the sectors, which is an important evidence base for skills development and its impact.

SETAs must ensure that there is strong employer leadership and ownership of sector skills activities and be able to articulate the collective skills needs of their stakeholders/members to the highest standard. Together with the stakeholders and other partners, they are responsible for the

monitoring and managing of occupational standards to make sure that provision of training, including the qualifications gained, meet sector, cross-sector and occupational needs.

It is recognised that some SETAs have found it difficult to meet the demands of the skills development legislation and align their work to the NSDS. SETAs are such important institutions and will have such an important role in the NSDS III implementation that it will be impossible to ignore poor performance in the coming period. The DHET will be monitoring functioning and performance closely and will be intervening when it is not of the required level. New constitutions will be adopted by SETAs, based on a common framework provided by the Department. A range of measures are planned to curb excess expenditure on governance and management salaries, and end waste of resources due to corruption of whatever type.

SETAs can achieve high performance if there is improved governance and the the SETA boards focus on strategy and sector skills development priorities. In this phase of the NSDS we must ensure that:

- There is a focus on the scope and mandate of SETAs
- There is improved planning and financial management of skills levy resources
- Training facilitated by SETAs leads to full qualifications
- The per capita cost of training is managed and investment made in training yields better outcomes
- SETAs develop shared services on, amongst others, IT services, financial systems and management and human resources development.

The NSDS III provides a stronger base for the SETAs and the DHET, through the service level agreements, to set targets that align with the sector skills needs – that is, not one-size-fits-all; and ensures improved focus on the core mandate of SETAs.

5.2 The National Skills Fund

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

The National Skills Fund is therefore a national resource which will be used to both initiate as well as to respond to national skills priorities. It will be used to target gaps and complement resource

shortages for national priorities. Its objectives will be achieved within the overall framework of the HRDSSA II and the NSDS III.

Funds will be set aside from the NSF, for competitive grants/bids from community-initiated skills development projects and other initiatives, to address skills shortages in our country, in line with the objectives and goals of the NSDS III.

As one of its primary activities, the NSF will develop a strong monitoring and evaluation (M&E) capacity and system that will provide the necessary management and oversight assurance required to ensure that funds are spent on the intended beneficiaries and in line with the contract and/or Service Level Agreement (SLA). M&E activities urgently need to be prioritised as a prominent and integral part of the NSF. This will also support the monitoring and evaluation of the NSDS.

5.2.1 National priorities under the NSF

Priorities that will take precedence in the NSF are the following:

- Identified priorities that advance the Human Resource Development Strategy, decided upon in consultation with the Human Resource Development Council
- Priorities identified by the Minister after consultation with the National Skills Authority (NSA), and that support the NSA in its advisory work and building the capacity of the social partners (constituencies) to strengthen their role in and delivery of our National Skills Development Strategy
- Projects that are in alignment with the National Skills Development Strategy and support the new economic growth path, the Industrial Policy Action Plan, rural development, skills to support the green economy, and skills development in education and health, and that contribute towards capacity building and skills development for institutions dedicated to the fight against crime and corruption, as key priorities of government.

6. BUILDING PARTNERSHIPS FOR A SKILLS REVOLUTION

A partnership and collective responsibility between stakeholders - government, business organisations, trade unions, constituency bodies – and our delivery agents – SETAs, public bodies, employers, trade and professional bodies, public and private training providers, community-based organisations, cooperatives and NGOs – is critical to achieving our aspirations of higher economic growth and development, higher productivity and a skilled and capable workforce to support a skills revolution in our country. We need to find innovative ways of working together to improve the efficiency, quality and, crucially, the impact of education, skills development and training.

The partnership requires that we improve the linkages between universities, colleges, SETAs and employers, particularly at a national and local level. This includes promoting training to meet the needs of both public and private sector employers and increased university research collaboration with industry. Partnerships should also be extended to building international links as well as supporting the role of community partnerships in planning and delivering local employment and skills support services.

The higher education, FET and skills summits have laid a very strong foundation for building strong partnerships for skills development for an inclusive growth path.

7. IMPLEMENTATION OF NSDS III

Implementing the NSDS III is a collective responsibility. To varying degrees, responsibility lies with all the stakeholders and partners in skills development. The DHET will play a leading role in ensuring that the goals and objectives of the NSDS III are realised.

8. MONITORING AND EVALUATION

The DHET will build the necessary capacity for effective monitoring, evaluation and support to the entire skills development system and its institutions. A clear framework and institutional measures will be developed to undertake effective monitoring, evaluation and support.

For the SETA-related activities, tight service level agreements will be entered into with the Department and indicators and targets set. Having learned lessons from NSDS I and II, this strategy veers away from setting national targets. Instead, each SETA will have targets which are applicable to its skills set and level, to ensure that the programmes and activities of the SETAs are relevant to the sector. Where required, cross-SETA collaboration will be included in the agreements between DHET and SETAs.

The monitoring and evaluation of this strategy will also focus on qualitative indicators. It is important to evaluate the impact of the initiatives of the strategy and ensure that the programmes provided meet the required quality and relevance. The evaluation part of M&E will therefore be prioritised.

Part of our performance monitoring, evaluation and support system will also be to intensify the fight against corruption and 'fly by night' institutions and training initiatives. In addition, the NSDS III will

aim at eliminating unnecessary 'middlemen' in the provision of services, in order to maximise the impact of the resources in all our institutions and in our skills levy system.

It is important that M&E is not seen as an add-on, or something done externally or independently of our skills development work. Institutions such as SETAs and the NSF must conduct consistent monitoring and evaluation, with findings being shared and verified through mechanisms established by DHET. DHET in turn will align its M&E systems with government-wide frameworks. In putting such systems in place, it is hoped that a culture of continuous improvement can be instilled and that problems and blockages are identified and addressed timeously. It will be important when reviewing NSDS III implementation, and in preparing for the ensuing five years, that DHET and skills development stakeholders have a well-informed understanding of the impact that our extensive structures and resources are having.

Out of this strategy, the DHET will develop annual implementation plans, including specific targets where appropriate. Such implementation plans and targets will be announced by the Minister on an annual basis.